

**Ministry of Agriculture
Fisheries and Food
and the Intervention Board**

This is part of a series of departmental reports (Cm 4202 to 4221), which, accompanied by the document Public Expenditure: Statistical Analyses, (Cm 4201) present the Government's expenditure plans for 1999-2002. The plans were published in summary form in the Budget documentation.



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Departmental Report by the
**Ministry of Agriculture,
Fisheries and Food
and the Intervention Board**

Presented to Parliament by the
Minister of Agriculture, Fisheries and Food
and the Chief Secretary to the Treasury
by Command of Her Majesty
March 1999

The Ministerial Team

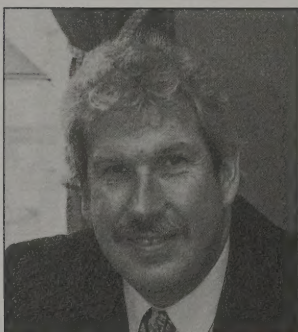
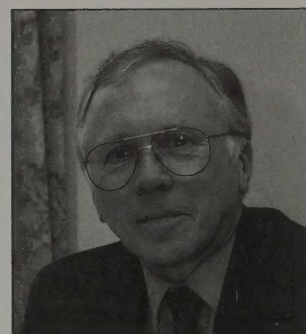


The Minister of Agriculture, Fisheries and Food The Rt. Hon. Nick Brown MP

The Minister has overall responsibility for all issues and represents the UK at the European Union Council of Agriculture Ministers.

The Minister of State and Deputy Minister Jeff Rooker MP

The Minister of State oversees policies on food safety; food standards; meat hygiene; animal health (including BSE); pesticide safety; research; veterinary medicines and plant health.

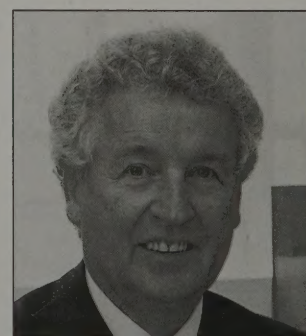


Parliamentary Secretary (Commons) Elliot Morley MP

Mr Morley oversees policies relating to fisheries; animal welfare; countryside matters, including agri-environment schemes and structural support; flood defence and forestry. He is also the nominated "Green Minister".

Parliamentary Secretary (Lords) Lord (Bernard) Donoughue of Ashton

Lord Donoughue is the Department's spokesman in the House of Lords and oversees policies on agriculture and the CAP; production and trade in agricultural and horticultural commodities; external trade policy and regional administration (Mr Rooker answers for these issues in the House of Commons); food and drinks industry; marketing; competition issues; export promotion and Departmental administration (Mr Morley answers for these issues in the House of Commons).



Foreword by the Minister of Agriculture, Fisheries and Food

In the past year the Ministry of Agriculture, Fisheries and Food has taken great strides forward towards completing its transformation. The change of focus brought by the Labour government was finalised with the outcome of the Comprehensive Spending Review which established MAFF's new aim and objectives. MAFF's new direction and priorities have been clearly set and presented.

Progress has been made in a number of key areas; placing the interests of the consumer at the forefront of decision making within the Ministry, developing a framework for the future of agriculture in Britain and developing policies which address the needs of rural communities. The work which the Ministry has undertaken over the last twelve months is an integral part of the government's drive to build a modernised Britain with a fair and just society, in town and country alike.

We have made good progress in developing the government's approach to food standards and safety, and we are working hard towards the introduction of a Food Standards Agency. The Joint Food Standards and Safety Group, brought together with the Department of Health last year, now provides an excellent example of the sort of "joined-up" government which we want to encourage. The Group has worked effectively in giving common advice to MAFF and Department of Health Ministers on many new safety issues during the year. The measures to prevent BSE infectivity from entering the human food chain, and the process of screening new genetically modified foodstuffs have been rigorously maintained. The Food Standards Bill has been published in draft form, and along with a consultation document on charging, has been subject to Parliamentary pre-legislative scrutiny.

The problems and concerns of people in rural communities are understood and appreciated by the Labour government. The Ministry, jointly with DETR, is preparing a rural white paper and embarking on a full and comprehensive consultation exercise in advance of publication. The rural white paper will take into account the government's aim of developing a fair and inclusive society. The aim is to reduce social exclusion and enable all members of the community to benefit from the opportunities provided. The views of rural communities on how to take this forward will be sought during the preparation of the rural white paper.

Over the last year, the Ministry has further developed the government's policy of constructive dialogue with our European partners, the Commission and the European Parliament. This approach to working together with our

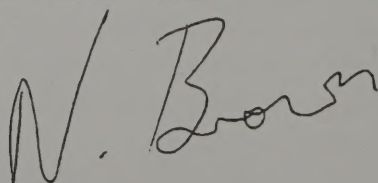
Foreword by the Minister of Agriculture, Fisheries and Food

European partners resulted in the decision first to lift the ban on the export of beef from Northern Ireland, through the Certified Herds Scheme, and then the adoption of the Date Based Export Scheme for the UK as a whole. Re-establishing the presence of British beef in world and European markets is a tough task ahead for the industry, in which the Ministry will assist where we properly can.

It has been an uncertain time for many producers, and I have been determined that in the Ministry we continue to play our proper role in establishing the future framework for agriculture in Britain. During the UK Presidency of the European Union, my predecessor Jack Cunningham was able to push forward proposals for reform of the Common Agricultural Policy in the framework of Agenda 2000. The resulting discussions, with my counterparts from other Member States, are crucial to the future of farmers everywhere. The CAP as it is structured at present is not serving the interests of consumers, taxpayers, farmers, or the environment. It is ripe for change. That is why the decisions which we are facing will have a lasting effect on the direction which EU agriculture will take in the years to come.

CAP reform has major economic implications for everyone: that is why in January and February the Ministry held open consultation meetings on the future direction for agriculture. Jeff Rooker, Elliot Morley, Bernard Donoughue and I held meetings across the country, with constructive and challenging contributions from the many consumers, producers, environmentalists and the other interested parties who attended.

The last year has been full and demanding for the Ministry. I have been tremendously impressed by the work of officials at all levels throughout the organisation. They have had to respond to many new challenges as the policy agenda of the Labour government develops, and have done so with dedication and professionalism. There are many more challenges ahead, and I am in no doubt that the whole Ministry will continue to work with the enthusiasm and dedication with which I am delighted to have become accustomed.



The Rt. Hon. Nick Brown MP
Minister of Agriculture, Fisheries and Food

Foreword by the Minister of Agriculture, Fisheries and Food

Contents	Page
The Ministerial Team	ii
Foreword by the Minister of Agriculture, Fisheries and Food	iii
MAFF Management Board	ix
MAFF Organisational Chart	x
Chapter	
1 Introduction and Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board	1
2 BSE: Further Progress	49
3 Objective 1: To protect public health in relation to food and to animal diseases transmissible to humans	65
4 Objective 2: To sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry	109
5 Objective 3: To secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment	149
6 Objective 4: To assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive	157
7 Objective 5: To enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer	223
8 Objective 6: To administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements	233
9 Objective 7: To conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry	241
10 Objective 8: To ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress	249
11 Objective 9: To reduce risks to people and the developed and natural environment from flooding and coastal erosion	255
12 Objective 10: To safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink	263

contents

13	Departmental Operations	269
14	Research and Development	321
15	MAFF's Executive Agencies	327
16	The Intervention Board	353

Annexes

1	Cash Plan Table	378
2	Reconciliation between Cash Plan Table and Estimates	382
3	Expenditure by IB on CAP in the UK	384
4	Appropriations in Aid and CFERS	390
5	Estimated Provision for 1999-2000 by Programme	392
6	Local Authority Expenditure	396
7	Running Costs	398
8	Staff Numbers	399
9	Senior Civil Service Salaries	400
10	Fixed Assets	401
11	Long Term Capital Projects	403
12	Territorial Breakdown	404
13	Ministerial Visits	406
14	Non-Departmental Public Bodies (NDPBs) Sponsored by MAFF	408
15	Independent Advisory Committees On Food Matters	410
16	Public Bodies; MAFF Appointments made during 1998	414
17	MAFF Sponsored Public Bodies; Appointments due for Review in 1999	420
18	Indicators of MAFF's Administrative Efficiency	421
19	Regulatory Activity – illustration of compliance with Better Regulation Task Force principles of good enforcement	426
20	MAFF's new Programme Structure	429
21	List of Acronyms used in the Report	433
	Bibliography	440
	Index	448

statistical tables and figures

List of Tables	Page
1.1 Economic Significance of MAFF/IB Sponsored Industries 1997	4
1.2 Summary Cash Plan Table	45
3.1 Number of Positive Scrapie Cases	72
3.2 Tuberculosis – new confirmed cattle herd incidents	77
3.3 Outbreaks of TB, Brucellosis and Rabies in Great Britain, 1991-97	79
3.4 Reported incidents in Great Britain of salmonella	81
3.5 Number of outbreaks of anthrax in GB 1991-98	81
3.6 UK food safety and hygiene inspections	91
3.7 Licensing of fresh meat premises	95
3.8 The Milk Hygiene Programme in England and Wales	97
3.9 Sellafield critical dose from liquid radioactive waste discharges	101
4.1 Area of land under ESA agreements and area in enhancement tiers	111
4.2 Area under Stewardship Agreement	115
4.3 Take up of Farm Woodland Premium Scheme in England	123
4.4 Performance Indicators of Efficiency and Effectiveness relating to Nitrate Sensitive Areas	127
4.5 Licences issued under the Food and Environment Protection Act 1985	130
4.6 Mercury levels in fish in highest risk sea areas	131
5.1 Net Total Producer Subsidy Equivalent in the EU	153
6.1 Alcoholic Drinks: Production and Trade 1997	167
6.2 Outbreaks of fish diseases in England and Wales	212
6.3 Number of outbreaks in Great Britain of the primary notifiable animal diseases covered by Programme TM:180	215
6.4 Number of outbreaks of key pests and diseases in England and Wales	219
7.1 1999 Rates of Hill Livestock Compensatory Allowances	228
8.1 Running costs incurred by Regional Service Centres expressed by CAP scheme	235
8.2 Cases of irregularities reported to the Commission under EU Regulation 595/91	238
8.3 RSC performance data (%) for financial year 1997/98	239
11.1 Performance Indicators relating to flood and coastal defence projects	257
13.1 Performance Indicators for Legal Services	284
13.2 MAFF Expenditure (including agencies) on consultancy work	299
13.3 Training in MAFF (including agencies)	315
13.4 Appointments in MAFF, 1998	316
13.5 Permitted exceptions to the use of fair and open competition, 1998	317
13.6 Permanent core-MAFF staff in post by grade and grade equivalent, ethnicity, gender and staff with disabilities at 1 April 1998	317
14.1 MAFF research fundings by Programme	325
15.1 CSL performance against key targets 1997/98	332
15.2 VLA performance against key targets 1997/98	335
15.3 PSD performance against key targets 1997/98	337
15.4 VMD performance against key targets 1997/98	340
15.5 MHS performance against key targets 1997/98	344
15.6 FRCA performance against key targets 1997/98	346
15.7 CEFAS performance against key targets 1997/98	350

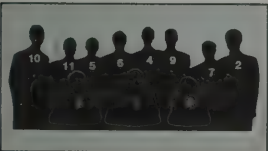
statistical tables and figures

List of Tables		Page
16.1	Intervention Board performance against key targets	368
16.2	Intervention Board running costs, outputs and productivity	369
List of Figures		Page
3.1	Confirmed cases of BSE plotted by month and year of clinical onset	69
3.2	Tuberculosis – new confirmed cattle herd incidents	77
5.1	EU expenditure on agricultural support	152
5.2	UK green rate movements since 1 February 1995	154
13.1	Implementation of main recycling initiatives at MAFF's key sites	308
13.2	Total energy performance for MAFF's main estate	309

Management Board, as at 1 March 1999



The Ministry of Agriculture, Fisheries and Food Management Board, as at 1 March 1999

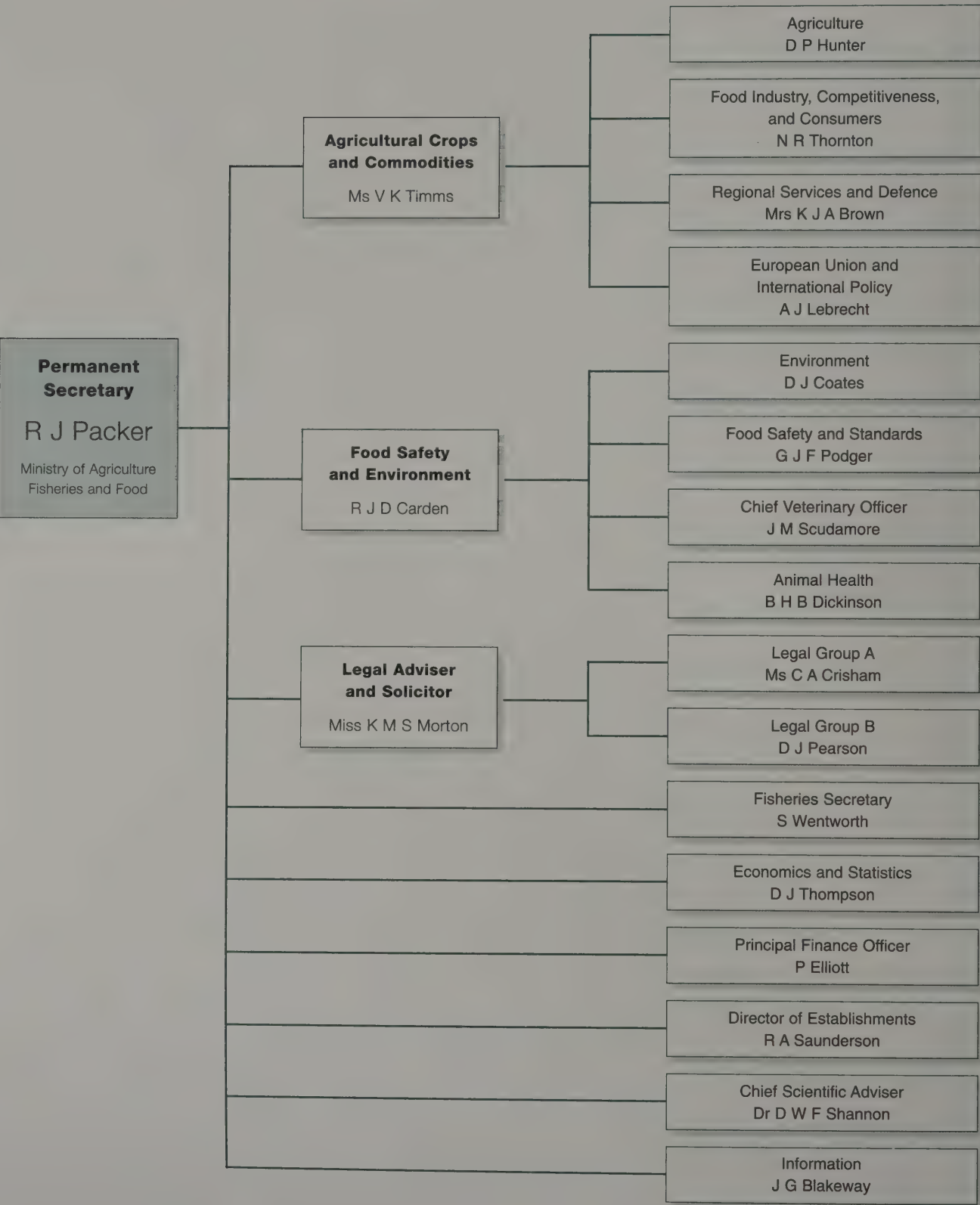


- 1 Mr Richard Packer, Permanent Secretary.
- 2 Mr Richard Carden, Head of Food Safety and Environment Directorate.
- 3 Ms Kate Timms, Head of Agricultural Crops and Commodities Directorate.
- 4 Mr Stephen Wentworth, Fisheries Secretary.
- 5 Mr Roger Saunderson, Director of Establishments.
- 6 Dr David Shannon, Chief Scientist.
- 7 Mr Paul Elliott, Principal Finance Officer.
- 8 Miss Kathryn Morton, Legal Adviser and Solicitor.
- 9 Mr David Thompson, Head of Economics and Statistics Group.
- 10 Mr Brian Harding, Head of Financial Policy Division and Secretary to the Board.
- 11 Mr Andrew Lawrence, Private Secretary to the Permanent Secretary.

The photograph was taken in the refurbished Ministerial Conference Room in Nobel House.

Ministry of Agriculture, Fisheries and Food

organisational chart, as at 1 March 1999



**part A: introduction, and
part B: Public Service Agreement
for the Ministry of Agriculture,
Fisheries and Food and the
Intervention Board**

Part A: Introduction

1.1 This is the ninth report of the Ministry of Agriculture, Fisheries and Food (MAFF) and the Intervention Board (IB). It reports on the year ending March 1999 and presents the Government's expenditure plans for these two Departments for the years 1999-2000 to 2001-2002. It also provides a record of expenditure from 1993-94.

1.2 MAFF's diverse range of responsibilities includes food safety, animal health and welfare, agricultural policy, pesticides and veterinary medicines safety, plant health, fisheries, flood and coastal defence, and agri-environment schemes as part of the Government's countryside and rural policy. MAFF addresses issues that impact on the efficiency and sustainability of the agricultural and food industries. A significant proportion of MAFF's work is carried out by its seven Executive Agencies which employ approximately half of its staff.

1.3 Policies in most areas of MAFF's work are set at the EU level which often necessitates liaison with the other Agriculture Departments in Scotland, Wales and Northern Ireland, MAFF takes the lead in negotiations on most subjects for the UK as a whole. Following devolution legislation, responsibility for agriculture, fisheries and food, including implementing EU measures under the CAP, and on food standards and animal health and welfare, will all be devolved areas. Work is in hand to put in place the necessary co-ordination arrangements.

1.4 The Intervention Board (IB), is primarily concerned with the administration of the Common Agricultural Policy (CAP) and it is the recognised UK body for the receipt and administration of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF), which funds the CAP (see Chapter 16).

1.5 The two Departments are jointly accountable for approximately £4.1bn [estimated outturn] of public expenditure in 1998-99.

1.6 MAFF takes the lead in negotiating in the EU on the CAP. The total cost of the CAP to the UK in 1998-99 is £3.4bn.

1.7 The CAP generates significant costs to consumers and taxpayers. Estimates made by the Organisation of Economic Co-operation and Development (OECD) suggest that, in 1997, the cost of the CAP to UK consumers through higher food prices was approaching £5 billion, when

EU food prices are compared to world prices prevailing at the time. **The cost to UK taxpayers of financing CAP expenditure was almost an additional £4 billion.** Together, these costs are equivalent to £3 per person per week. The CAP also imposes wider costs through inhibiting productivity growth in agriculture and distorting the use of resources in other sectors of the economy. Since these combined costs exceed the gains by UK producers from the policy, the CAP has the effect of reducing national income.

The UK Presidency of the EU

The UK Presidency of the EU in the first half of 1998 imposed particular demands and challenges for MAFF. Seven Agriculture Council meetings and two Fisheries Councils dealt with a heavy programme of work, bringing a large number of dossiers to a conclusion and making substantial progress on others. Taking account of dossiers falling to the Internal Market Council, a total of 85 legislative measures for which MAFF is responsible was agreed during our Presidency.

At the outset, we announced an ambitious programme for the Presidency. This included launching the negotiations on CAP reform, adopting the annual CAP price proposals, bringing the bananas regime into line with WTO rules, agreeing new farm animal welfare legislation, phasing out the use of high seas drift nets to protect dolphins and starting the process of improving EU-wide enforcement under the Common Fisheries Policy.

In the event, all these objectives were achieved, and more besides. Intensive negotiations on CAP reform were initiated, culminating in a unanimous report from the May Agriculture Council which was to form the basis of the Cardiff summit's commitment to press ahead and complete the reforms by March 1999.

At the June Agriculture Council, agreement was reached on amendments to the bananas regime, reforms of the olive oil and tobacco regimes, the annual CAP prices package, the 1999 set-aside rate and new EU-wide rules governing farm animal welfare. The March Council had already agreed an important first step in lifting the export ban on UK beef, with the adoption of the Export Certified Herds Scheme.

The Fisheries Council agreed to phase out high seas drift nets, adopted conclusions stressing the importance of integrating fisheries and environmental policies in the North Sea and introduced new quotas to conserve North Sea fish stocks. Substantial progress was also made on proposals to improve fisheries enforcement, paving the way for final agreement during the subsequent Presidency.

The Department also hosted an informal meeting of Agriculture Ministers at Newcastle upon Tyne. This meeting discussed a Presidency paper on "Livestock farming in environmentally fragile areas of the European Union". Visiting Ministers were also given demonstrations of the safety and traceability of British beef and other aspects of British agriculture such as the production of high quality seed potatoes.

Economic Background

1.8 The contribution to Gross Domestic Product (GDP) by agriculture and fisheries is 1.2% and these sectors account for 2.2% of the workforce (Table 1.1). However, if food and drink manufacturing and retailing, for which MAFF also has responsibility, are included, the total sector contributes some 8.9% to GDP and 12.4% of employment. In 1997, the UK exported food, feed and drink valued at £10 billion while imports amounted to £17.2 billion.

Table 1.1: Economic Significance of MAFF/IB Sponsored Industries 1997

Category:	Gross Domestic Product		Employment
	£ billion	%	%
Food and Drink Manufacturing	18.8	2.6	1.7
Food and Drink Distribution	24.9	3.5	4.3
Catering	11.4	1.6	4.2
Agriculture	7.6	1.1	2.1
Fisheries	0.6	0.1	0.1
Total	63.3	8.9	12.4

Note: Due to changes in the methodology of the National Account, from which figures are derived, data for 1998 will not be available until October 1999. The figures shown for 1997 result from changes to the National Account and subsequent method of deriving this data.

Conventions used in the Report

1.9 The following conventions and definitions are used throughout the report.

- a) All receipts are represented as negative figures.
- b) Countries outside the EU are sometimes referred to in this report as "Third Countries".
- c) The other Agriculture Departments are the Scottish Office Agriculture, Environment and Fisheries Department, the Welsh Office Agriculture Department and the Department of Agriculture for Northern Ireland. Occasionally in this Report the term is used to mean "paying agencies for CAP schemes other than MAFF in the United Kingdom". Paying agencies other than MAFF are:
 - 1) Intervention Board,
 - 2) Scottish Office Agriculture, Environment and Fisheries Department,
 - 3) Welsh Office Agriculture Department,
 - 4) Department of Agriculture for Northern Ireland,
 - 5) Forestry Commission, and
 - 6) Countryside Council for Wales.

1.10 Some initiatives are emphasised by the text being green. The work carried out on these may not necessarily relate to work under the programme where the texts are placed.

1.11 This Report was completed on 31 January 1999 and does not contain details of subsequent developments.

Revised Public Expenditure Control Regime

1.12 The spending plans in this Report reflect major changes in the framework for planning and control of public expenditure announced in the Economic and Fiscal Strategy Report 1998 (Cm 3978, June 1998) and in the conclusions of the Comprehensive Spending Review (Modern Public Services for Britain, Cm 4011, July 1998).

1.13 Previous arrangements under which spending plans were reviewed each year through the Public Expenditure Survey have been replaced with fixed three year spending plans controlled directly by Departments (the Departmental Expenditure Limits – DEL), with greater freedom to carry forward unspent provision. This gives departments more certainty and flexibility for long term planning and management of resources. Other

spending which cannot be reasonably subject to firm three year limits or that should have special control regimes, is included in Annually Managed Expenditure (AME) and will be reviewed as part of the annual Budget process. DEL and AME together form an overall total known as Total Managed Expenditure (TME).

1.14 The new spending plans clearly distinguish between current and capital spending. In broad terms Departmental current expenditure comprises the purchase of goods, services and payments of subsidies to individuals and bodies outside government, e.g. payments to farmers under agri-environment schemes. Additionally, wages and salary costs fall within current expenditure. Departmental capital expenditure however comprises expenditure on physical assets such as the purchase of land, buildings, (including receipts from sales) vehicles and machinery as well as payments to persons and bodies outside government to assist the financing of capital expenditure for schemes such as the Rural Development Programme and flood and coastal defence works.

1.15 To meet the Government's fiscal rules and to ensure that longer term capital investment is not squeezed out, capital budgets are to be managed separately within the new control regime. In general, capital (and capital receipts) will not be allowed to be spent on current expenditure. However, to give some managerial flexibility, Departments will be able to move up to 5% of capital into current budgets. IB is recognised as a special case and has dispensation for movements in CAP intervention stocks to allow unlimited movement between CAP current and capital budgets.

1.16 The new framework also requires all Departments to set out their objectives and measurable targets for efficiency and effectiveness in a Public Service Agreement (PSA). These were published in "Public Services for the Future: Modernisation, Reform, Accountability" Cm 4181, December 1998. This report explains how those targets will be delivered (see Part B of this Chapter for details).

Departmental Investment Strategy (DIS)

1.17 In line with Government policy to ensure that new capital investment is directed to the Government's priorities, MAFF has prepared a Departmental Investment Strategy, setting out how capital investment and existing capital assets will be managed to meet the Ministry's Aim and Objectives.

1.18 Capital spending typically represents around 25% of expenditure within the Ministry's Departmental Expenditure Limit (DEL), and plays an essential role in delivering certain intermediate and final outputs. It typically falls into two broad categories:

- a) expenditure that contributes to the way in which the Ministry carries out its functions and delivers services, for example, investment in buildings and accommodation, in particular for specialist research or scientific purposes, and new IT projects or large scale upgrades of existing systems;
- b) expenditure to meet a specific policy need or legal obligation, for example, capital investment in flood defences and coastal protection and various capital grant schemes (e.g. fishing vessel decommissioning and rural development) which the Ministry makes available to meet obligations under EU law.

1.19 MAFF's strategy for new capital is to invest where this is the most efficient and cost-effective way of furthering one or more of our objectives by:

- a) improving delivery of services to the public; or
- b) helping to achieve a specific policy objective; or
- c) enabling the Ministry to maintain high standards of efficiency and effectiveness overall within a safe and appropriate working environment;

In considering new investment the Ministry intends, wherever this represents the most efficient use of resources and best value for money, to exploit the potential for Public/Private Partnerships or Private Finance Initiatives.

1.20 All elements of MAFF's capital base were reviewed in the Comprehensive Spending Review which confirmed that they continued to be necessary to fulfil its Aim and Objectives. The Ministry's capital assets will be kept under review, to identify and dispose of any items that no longer contribute to its objectives, as well as ensuring that opportunities for realising any wider commercial potential are identified and pursued (for example, through increasing the proportion of commercial R&D undertaken by the Executive Agencies).

1.21 MAFF has reviewed its mechanisms for planning and managing capital, to improve strategic oversight of expenditure, and ensure it is directed towards key policy and operational priorities, and that optimum value for money is secured. A Capital Expenditure Committee has been set up to:

- i. ensure that planning and management of capital expenditure within the Ministry is consistent with the DIS;
- ii. assist the Management Board in setting capital budgets for the years covered by a CSR settlement and to assist in formulating bids for subsequent years;
- iii. monitor expenditure against capital budgets and to advise the Management Board on in-year bids and savings and;
- iv. ensure that robust and effective systems are in place for the appraisal, management and evaluation of capital expenditure projects in each main individual area of expenditure.

The Committee will maintain a strategic overview of the Ministry's capital budget, and recommend, in the light of MAFF's policy and operational priorities, how it should be allocated.

1.22 Details of IB's Departmental Investment Strategy are contained in Chapter 16.

Structure of the Report

1.23 As in the previous report the figures in this Departmental Report are reconcilable with those in the Simplified Estimates. Tables reconciling the figures are contained at Annexes 2, 3, 4 and 5.

1.24 From 1 April 1999 expenditure on MAFF's/IB Vote will fall under three headings: capital, current and Annually Managed Expenditure (AME). Current expenditure, in turn, is made up of scheme (or programme) expenditure and running costs. The total provision for spending under these headings forms MAFF's Departmental Expenditure limit (DEL), and IB's DEL and AME.

1.25 The tables at the start of each programme break down MAFF's expenditure within DEL into Current and Capital. Current expenditure is further divided into running costs and scheme costs with receipts shown separately. Capital expenditure is shown net of any receipts from the sale of assets. IB's AME in respect of MAFF schemes, where appropriate, is included thereby allowing the net cost of the programme to be identified.

New Programme Structure

1.26 Since the last Report the programme structure for MAFF's Financial Planning System (FPS) has been revised. To provide continuity in reporting to Parliament in Departmental Reports a programme-based structure has been

retained. A “programme” is a group of related activities or measures which contributes to departmental objectives. Details of the new programme structure are contained in Annex 20 which also maps the old programme structure to the new.

1.27 MAFF’s organisational structure does not reflect the new Departmental Aim/Objectives/Programme Structure in all respects. In some cases several units contribute to one programme. Where this happens, running costs are usually attributed using the results of work recording. One exception to this covers work by the Chief Scientist’s Group, where running costs are allocated on the basis of the apportionment of the accompanying R&D programmes. Central services such as legal and scientific advice, finance and personnel are covered by their own programmes and are reported on in Chapter 13.

Research and Development (R&D)

1.28 All MAFF-funded R&D directly supports policy implementation and the identification of future policy options. In this Departmental Report, R&D activities are being reported on under the individual policy programmes to which the work contributes. A separate R&D Chapter, Chapter 14, gives a more detailed explanation and provides an overview of the salient features of R&D along with the separate programme “Science Policy” (programme code SP:010), which forms a discrete programme of underpinning science.

Cash Plan Table

1.29 The 1999-2000 Supply Estimates and expenditure plans for MAFF and the IB, along with the historic outturn for 1993-94 to 1998-99, are summarised in the Cash Plan Table (Annex 1). The Cash Plan Table is itself summarised in Table 1.2 at the end of this Chapter.

Estimated Outturn Figures

1.30 This Report includes expected outturn for the financial year 1998-99. The final figures will be published in the 1998-99 Appropriation Accounts for MAFF and the IB.

1.31 The net outturn for all domestic expenditure on agriculture, fisheries and food by MAFF is expected to be about £769m. MAFF’s net provision voted in the Spring Supplementary Estimate was £769m, with a cash limit of £747m.

Comprehensive Spending Review (CSR)

1.32 Under the CSR departments were asked to scrutinise their spending plans from a zero base in order to assess how each item of expenditure contributed to the Government's objectives. The MAFF Review Team assessed the rationale for each of the Ministry's spending programmes, including the scope for improving the overall effectiveness of MAFF's operations. Mr Nigel Matthews, Group Secretary of J Sainsbury plc, was an independent member of the Review Team. The Team was assisted in its task by a number of working groups which focused on the Department's key spending programmes. Each sub-working group had specific terms of reference and all but one included non-departmental representatives who were acknowledged experts in their field. Each group also included representatives of other Government departments, including a representative from DETR on the working group on support for farmers in the less favoured areas.

1.33 MAFF's countryside schemes were the subject of a separate review which was conducted jointly with DETR and also covered that department's expenditure on countryside programmes. The outcome of this review was taken into account in the conclusions of the separate departmental CSRs for the two departments.

1.34 One of the outputs of the CSR has been a revised MAFF aim and set of objectives. MAFF's new aim and objectives form a coherent and comprehensive guide for the public. The objectives provide a clear and consistent statement of what the Government is seeking to achieve with the spending policies which are carried out by MAFF. Part B of this Chapter sets out MAFF's new aim and the new objectives of MAFF and the IB, the resources made available to both departments in the CSR, their broad approach to modernising services, the outputs and outcomes they are aiming to deliver, the targets to be achieved and the efficiency with which they will use resources over the CSR period (1999-2000 to 2001-02).

1.35 The objectives cover all of MAFF's main responsibilities and provide the basis for the policy directions set out in the CSR. They also serve as an important component in the development of Resource Accounting and Budgeting.

1.36 Setting clear objectives is designed to enable the Government to make informed decisions about the allocation of resources. Subsequently this has facilitated the setting of clear and quantifiable targets which show what MAFF is striving to deliver over the lifetime of the current Parliament, and against which our performance will be measured.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

1.37 This part of the chapter is divided into two sections. The first section deals primarily with MAFF, the second with IB.

1.38 The MAFF and IB sections on the PSA are sub-divided as follows:

- 1. *Aim and Objectives,***
- 2. *Resources,***
- 3. *Performance Targets, and***
- 4. *Increasing the Productivity of Operations.***

1.39 The MAFF and IB sections in this chapter both quote from the joint PSA and these are presented in bold italic print on a shaded background, as illustrated above, for easy identification. Commentary in standard print follows to give a brief account of some of the preliminary work being done by MAFF and IB which relates to the requirements of the PSA. Not all of MAFF's work is covered by targets in the PSA; MAFF will continue to develop new targets. Much greater detail on the work carried out by MAFF, under its wide-ranging responsibilities, and IB is included in the main body of the Report.

1.40 The Minister of Agriculture, Fisheries and Food is responsible for delivering the PSA.

SECTION 1: MAFF

1 Aim and Objectives

1.41 MAFF's new aim and objectives are as follows:

Aim

To ensure that consumers benefit from competitively priced food, produced to high standards of safety, environmental care and animal welfare and from a sustainable, efficient food chain, and to contribute to the well-being of rural and coastal communities.

Objectives

- 1) To protect public health in relation to food and to animal diseases transmissible to humans.*
- 2) To sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry.*
- 3) To secure a more economically rational Common Agricultural Policy (CAP) which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment.*
- 4) To assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive.*
- 5) To enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer.*
- 6) To administer payments under the CAP fairly and in full accordance with EU requirements.*
- 7) To conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry.*
- 8) To ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress.*
- 9) To reduce risks to people and the developed and natural environment from flooding and coastal erosion.*
- 10) To safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink.*

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

1.42 For ease of reference each MAFF objective is now repeated and followed by a brief commentary on what MAFF is, and will continue, doing towards achieving the objective:

Objective 1): *To protect public health in relation to food and to animal diseases transmissible to humans.*

- a) by promoting high standards of food safety as a matter of paramount importance at all stages in the production, processing and supply of food and, working with the Department of Health where appropriate, ensuring that they are properly enforced,
- b) by taking action against animal diseases which can endanger human health.

Objective 2): *To sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry.*

- a) by encouraging more sustainable and environmentally-friendly farming and fishing practices,
- b) by measures to improve the attractiveness and bio-diversity of the countryside and to protect its wildlife habitats and historic features,
- c) by acting to reduce pollution of water supplies and other natural resources,
- d) by safeguarding the aquatic environment, including marine mammals, plants and other creatures,
- e) by seeking to improve public access to the countryside and encouraging the provision of environmentally acceptable leisure opportunities.

Objective 3): *To secure a more economically rational Common Agricultural Policy (CAP) which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment.*

- a) by ensuring that the case for reform is consistently made and widely understood within the European Union,
- b) by participating in the ongoing process of CAP decision-making.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

Objective 4): *To assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive.*

- a) by addressing market failures in research and development,
- b) by taking action against animal, fish and plant diseases and pests,
- c) by helping to develop export opportunities for British food, produce and agricultural machinery and services,
- d) by regulating plant varieties and seeds,
- e) by ensuring that the industries concerned and their customers are able to voice their concerns to government,
- f) by encouraging collaboration and co-operation throughout the food chain, and helping industry to address competitiveness issues.

Objective 5): *To enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer.*

- a) by targeting programmes to encourage economic development and diversity in the areas concerned.

Objective 6): *To administer payments under the CAP fairly and in full accordance with EU requirements.*

- a) by meeting payments and other deadlines,
- b) by operating control regimes which satisfy UK and EU audit authorities,
- c) by seeking to prevent fraud.

Objective 7): *To conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry.*

- a) by seeking agreement within the EU on effective fisheries management and conservation measures,
- b) by applying measures to match catching capacity more closely to available fishing opportunities,
- c) by ensuring effective surveillance and enforcement of conservation regulations and other rules affecting sea fisheries.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

Objective 8): *To ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress.*

- a) by ensuring that standards are based on adequate scientific advice,
- b) by ensuring compliance with statutory requirements and Codes of Practice applicable to welfare on farms, in markets, and in transit,
- c) by pressing for EU and wider international agreement to raise minimum standards.

Objective 9): *To reduce risks to people and the developed and natural environment from flooding and coastal erosion.*

- a) by paying grants to encourage the provision of flood warning systems and technically and environmentally sound flood and coastal defences,
- b) by discouraging inappropriate development in areas at risk of flooding or coastal erosion.

Objective 10): *To safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink.*

- a) by monitoring developments in domestic and overseas food production and planning a response to food supply emergencies,
- b) by conserving plant genetic resources.

1.43 Each of the new MAFF objectives set out above form Chapter headings in the main body of the Report, with the programmes serving each objective reported in the appropriate Chapter. In some cases a programme works towards achieving more than one MAFF objective. These programmes are reported under their main objective.

Principles and approach

1.44 In delivering these objectives the department will:

(i) exercise vigilance over the expenditure of taxpayers' money through a continuing pursuit of improvements in service delivery, value for money, efficiency and effectiveness;

1.45 MAFF takes great care in ensuring that taxpayers' money is wisely spent in the pursuit of its objectives. Major capital expenditure is subject to rigorous investment appraisal and a programme of policy evaluations help to ensure that the Ministry's policies meet their objectives effectively and efficiently. To demonstrate this fully, detailed entries are included in Chapter 13 on:

- a) Competing for Quality, and
- b) Service First – The New Charter Programme.

(ii) ensure that policy is informed by high quality scientific research and development;

1.46 As a strongly science-based Department, MAFF funds a substantial and wide-ranging programme of research to underpin and direct its policies. MAFF commissions research under the widely used ROAME principles (**R**ationale, **O**bjectives, **A**ppraisal, **M**onitoring, **E**valuation). Projects underpin policy requirements and progress in achieving objectives is closely monitored and regularly reviewed. The entire research programme is assessed at regular intervals to ensure that funding is available for new high priority research.

(iii) have regard to the principles of sustainable development;

1.47 MAFF is committed to the Government's vision of sustainable development in pursuing its Departmental objectives and takes into account the four broad objectives of the vision;

- a) social progress which recognises the needs of everyone,
- b) effective protection of the environment,
- c) prudent use of natural resources, and
- d) high and stable levels of economic growth and employment.

1.48 Sustainable development involves striking a proper balance between social, economic and environmental interests. It also involves striking a

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

proper balance between the interests of this and future generations. Many of MAFF's activities impact on the environment and the efficiency and sustainability of the agricultural, fishing and food industries. Concern for sustainability and environmental impact is integral to MAFF's policies; this was illustrated by the fact that it was very much to the fore throughout the CSR. Examples of areas in which MAFF contributes to sustainable development include:

- a) Healthy and productive seas and oceans are a litmus test of international commitment to sustainable development, not least because fish resources are important for food security. We aim to set an example by protecting our own seas from pollution and their resources from over-exploitation. MAFF is working with other Member States to reform the Common Fisheries Policy to achieve more effective fisheries conservation, thereby safeguarding the livelihood of those who depend on the fishing industry and benefiting the wider marine environment.
- b) Food needs to be produced efficiently, at prices which we can all afford, in ways which are consistent with a thriving rural economy and conservation of the countryside and wildlife. The CAP is a major influence on farming practices, but too small a proportion of its resources is channelled towards achieving environmental objectives through appropriate land management. The forthcoming reforms of the CAP should lead to a more market oriented policy and greater emphasis on measures designed to secure specific environmental goals.
- c) Energy crops have the potential to contribute towards reductions in greenhouse gas emissions when they are used in substitution for fossil fuels, and the first UK power station to use them is being built in Yorkshire. The area planted with energy crops was one of the sustainable development indicators proposed by MAFF in the consultation paper published in June 1998. Their importance was also noted in the DETR consultation paper on climate change. Further development of these crops is dependent on support to make returns from growing them comparable with that from other agricultural activities. This in turn depends on the outcome of Agenda 2000, and on finding the necessary resources. MAFF is continuing to study this.
- d) In assessing the continuing need for a flood defence programme the risks associated with a rise in sea levels need to be considered. The CSR Working Group on flood and coastal defence endorsed the MAFF policy of working with natural

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

processes, wherever possible. The Group also considered the arrangements for assessing grant applications and endorsed the present system under which schemes are assessed in terms of whether they are economically justified, technically sound and environmentally acceptable.

- e) The MAFF R&D programme makes a significant contribution to encouraging greater sustainability across all areas of MAFF's responsibility. In particular, research focuses on reducing inputs in agriculture (e.g. in pesticide use) and on improving production procedures and industry practices to ensure both protection of the environment and greater efficiency.

(iv) seek in appropriate cases to recover the costs of providing our services from those who benefit;

1.49 MAFF is committed to the underlying principle of recovering from users the full costs of the services provided, where appropriate. Costs are identified and attributed using sound accounting practices, and systems have been established to ensure fair charges to users. Where appropriate, work recording systems have been set up to ensure that the level of resource input is correctly identified, by service and by customer. All chargeable services are subject to regular review to ensure cost recovery is maintained. MAFF continually seeks to improve its systems and enhance the accuracy, ease and speed of producing data.

(v) be open and accountable, making information readily available to the public in an accessible form;

1.50 MAFF, its agencies, inspectorates and associated bodies are committed to the principles of open government, and apply the requirements of the Code of Practice on Access to Government Information. Information on the schemes available and services provided, service delivery targets and performance, key policy issues and where to seek help and advice, is readily available through published reports, guidance notes and explanatory leaflets, Ministry libraries, and the Internet. Further details are provided in the green text entry on "Service First – The New Charter Programme" at the start of Chapter 13. MAFF collects and publishes a wide range of authoritative statistical information on the agriculture, fisheries and food sectors. Statistics are now published on the Internet and via a faxback facility for data users without access to the Internet.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

(vi) and recognise that staff are crucial to all its activities and take action to ensure that they are well managed, motivated and equipped with the skills they need.

1.51 MAFF's formal commitment to Investors in People (IIP) lent further impetus to initiatives directed at individual development and creating more direct linkages between business planning and training. Progress has been made on all the key elements within the 10 point Action Plan designed to achieve the IIP standard. Delays in setting top level aims and objectives inherent in the CSR resulted in some slippage in the original timetable. IIP issues are now a standing item on the Management Board's agenda. An IIP sub-Group, chaired by the Permanent Secretary and which includes trade union representation, has been established to help drive forward the Action Plan. Staff at all levels, throughout MAFF, have been involved through a series of cascade briefings in identifying issues and solutions for promulgating good management practice. More open communication and honest debate has been a key feature of the change process. Taking forward this broad strategy ran alongside a high level of recruitment, posting, promotion and training activity, as well as continuing work on reward systems.

2. Resources

The White Paper "Modern Public Services for Britain: Investing in Reform" set out the results of the Government's Comprehensive Spending Review and a three year resource framework for the Ministry. There are additional resources for the Ministry's domestic programmes in England over the years 1999-2000 to 2001-02 of over £150 million, which are offset by a reduction in Bovine Spongiform Encephalopathy (BSE) support over the same period. These resources form a firm three year settlement and will allow MAFF to plan ahead on a stable funding base. The key figures are set out below:

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

Departmental Expenditure Limits (DEL)				
£ million		1999-00	2000-01	2001-02
MAFF (Domestic Programme)		744	711	751
of which:	Current Budget	588	590	571
	Capital Budget	156	121	180
BSE (MAFF and IBEA)		495	466	459
of which IB:	Current Budget	397	385	380
	Capital Budget	61	54	54
of which MAFF: Current		37	27	25
IBEA (CAP Administration)		44	46	46
of which:	Current Budget	43	44	44
	Capital Budget	2	2	2
TOTAL		1,283	1,223	1,256
of which:	Current	1,065	1,046	1,021
	Capital	219	177	235

Gross running cost provision

The Ministry's gross running cost provision for the next three years is £360.4/358.7/349.6 million. The Intervention Board's gross running cost provision is £66.1/66.1/66.1 million.

Annually Managed Expenditure (AME)

Payments under the Common Agricultural Policy (but not the running costs or administrative capital of the Intervention Board) will be treated as Annually Managed Expenditure (AME). The planned expenditure is set out in the following table:

£ million		1999-2000	2000-01	2001-02
CAP (UK Total, incl Forestry, non-BSE)		2,503	2,458	2,658
of which:	Current Budget	2,422	2,369	2,569
	Capital Budget	81	89	89
	(Stocks)			

MAFF Running Costs

1.52 Under the CSR settlement MAFF's gross running cost ceiling will decline over the CSR period. A challenging target has been set which will, for example, require MAFF to find significant efficiency savings to cope with

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

inflation over the period. Details of the running cost settlement covering IB also are contained in section 2 of this part of the Chapter.

1.53 A review of running cost baselines throughout MAFF was instituted to establish that resources are being directed where they are most needed. In allocating resources MAFF was guided by:

- a) legal obligations,
- b) the priorities of Ministers,
- c) obligations to staff and the commitment to the Investors in People process,
- d) the need for adequate financial controls, and
- e) the development of business plans for the Department.

3. Performance Targets, and

The Ministry will pursue a radical reform of the Common Agricultural Policy in order to protect the interests of the consumer and taxpayer, bring environmental benefits, further the development of a sustainable and effective food chain, improve the allocation of resources in the wider economy and refocus existing subsidies to contribute towards wider environmental and economic objectives.

The Ministry will contribute to economic efficiency and growth by seeking a reformed Common Agricultural Policy which results in a less wasteful use of resources and an industry less reliant on subsidy. It will further the development of sustainable and efficient food, farming and fishing industries through:

- *research and development;*
- *action against animal and plant diseases and pests;*
- *targeted programmes to encourage economic development in rural areas; and*
- *ensuring that British interests can compete on fair terms within open and competitive international and domestic markets.*

The Ministry's work on flood defence will help combat the risk of significant damage to the country's economic and social fabric.

1.54 Each of these broad areas are covered more specifically in the PSA and commentary on the preliminary work being done by MAFF follows each entry.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

By 31 March 2002, the Ministry will:

Food safety

(A) achieve an increase in public confidence in the Government's arrangements for handling food safety (as measured by public opinion surveys); (Objective 1)

1.55 The central plank of the Government's plans to increase public confidence in the arrangements for handling food safety is the creation of the proposed Food Standards Agency. Until the legislation to establish the Agency is complete, MAFF and Department of Health are strengthening joint working through the Joint Food Safety and Standards Group and are taking other steps to improve the quantity and quality of information on food that is available to the public, and to increase public awareness of, and involvement in, the decision making process on food safety. Work has begun to establish appropriate opinion surveys to measure changes in public attitudes to the handling of food safety.

(B) establish an independent Food Standards Agency within six months of the date of Royal Assent to an Act of Parliament; (Objective 1)

1.56 The protection of public health is a high priority for the Government. The Government has made clear that it is committed to establishing the Food Standards Agency as soon as possible, subject to Parliamentary time being available for the necessary legislation. It is hoped that, if additional Parliamentary time becomes available, a Bill can be introduced to Parliament in the 1998/1999 session. In preparation for this, the Food Standards Bill was published in draft for public consultation on 27 January.

1.57 MAFF, together with the Department of Health, is undertaking the necessary preparatory work so that the Food Standards Agency can be up and running within 6 months of the date of Royal Assent to an Act of Parliament.

(C) agree and put in place a system for measuring the performance of the Food Standards Agency in achieving improvements in standards which contribute to food safety; (Objective 1)

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

1.58 MAFF, together with the Department of Health, is developing a system of performance measurement for the Food Standards Agency which will be implemented when the Agency comes into being.

Animal and plant health

(D) reduce the incidence of Bovine Spongiform Encephalopathy (BSE) by 85 per cent in 2001, compared with 1997 when there were 4,311 cases; (Objective 1)

1.59 Because of the long incubation period, the number of BSE cases largely reflects the conditions which existed four to five years previously and the action taken then to tighten up controls on meat and bone meal used in feedingstuffs and on the removal of specified risk material in slaughter-houses. The selective cull of "at risk" animals to be completed in early 1999 and the cull of offspring of BSE cases confirmed after 1 August 1996 will bring down the number of cases in the CSR period to which the PSA relates. Checks on the effectiveness of the stringent controls will be maintained. It is likely that a little over 3,000 cases of BSE will be confirmed for 1998, continuing the fall seen in recent years.

*(E) secure the progressive lifting of the ban on UK beef exports with a goal of achieving total exports in 2001 equivalent to more than 10 per cent of the pre-ban level (227,000 tonnes on average over the period 1991-95); (Objective 1)**

* This also contributes to objective 4.

1.60 A scheme to permit the export of boneless beef from herds in Northern Ireland with no history of BSE for at least 8 years was adopted by the Agriculture Council on 16 March 1998. Following a Commission inspection of the arrangements for implementing this scheme, commercial beef exports under this scheme began in September 1998. The quantity being exported is around 20 tonnes per week. Exports are going to the Republic of Ireland, Italy, Netherlands and France.

1.61 The next step towards the resumption of beef exports from the UK was the adoption of the Date Based Export Scheme (DBES) on 25 November 1998. This scheme permits the export of boneless beef from cattle born in the UK after 1 August 1996 subject to other eligibility criteria. Under the EU Decision on the DBES, we are required to introduce a cull of offspring born to BSE cases after 1 August 1996. The cull of the "backlog"

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

of such offspring (those born to cases confirmed before 25 November 1998) must be completed. The Commission will then inspect our arrangements for implementing the DBES and will set a date for exports to resume.

(F) prevent outbreaks of serious animal, fish and plant diseases and pests; (Objective 4)

1.62 Import controls are designed to prevent the introduction of disease from abroad. Serious animal diseases are notifiable. Where an outbreak occurs, the disease is contained by movement restrictions together with the slaughter (with compensation) of infected animals and other animals exposed to infection. Spread of disease is also minimised by general requirements to cleanse and disinfect livestock markets and transport vehicles and controls on the disposal of animal by-products. There have been no outbreaks in recent years of the most serious fish diseases. In relation to statutory controls on plant pests and diseases, a risk-based approach has been adopted to the targeting of enforcement, surveillance and research programmes. MAFF has promoted improved controls on an EU basis for plant health threats which can more effectively be countered through harmonised international action.

Countryside

(G) contribute to a more attractive and accessible countryside by increasing the area protected and enhanced under the major agri-environment schemes (which at 31 March 1997 stood at 600,000 hectares); (Objective 2)

1.63 There are 22 ESAs in England covering some 10% of the farmed area and in the remainder of England the Countryside Stewardship and Organic Aid Schemes make important contributions to the achievement of this target.

1.64 The Agri-Environment Forum, chaired by the Minister for Fisheries and the Countryside (Mr Morley) is the means by which MAFF draws views from a wide range of environmental, land management and other organisations at national level in framing and targeting its schemes. There are also important local liaison and consultation arrangements covering both ESAs and the Countryside Stewardship Scheme. Reviews of the access provisions on various agri-environment schemes, and of the Habitat Scheme are under way. In the light of the review of the Organic Aid Scheme, Ministers have announced substantial increases in the rates of aid for farmers converting to organic agriculture. Following the agreement of the

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

European Commission these increases will be implemented in spring 1999. The pilot scheme, Arable Stewardship, aimed at restoring wildlife in arable farming areas has been extended for two further years and proposals to replace the Moorland Scheme with new upland options under the Countryside Stewardship Scheme have also been announced.

(H) work with the Department of the Environment, Transport and the Regions to develop: (a) by spring 1999 arrangements for the joint planning of countryside and rural policies and programmes, including publication of joint countryside objectives, a description of the programmes to achieve those objectives and plans for measuring performance against the objectives; and (b) by the end of 1999, a joint Countryside PSA; (Objective 2)

1.65 Work is currently in hand, and due to be completed by spring 1999, to develop arrangements for the joint planning of countryside and rural policies and programmes with the Department of the Environment, Transport and the Regions. It is envisaged that these arrangements will include the publication of joint countryside objectives, a description of the programmes to achieve those objectives and plans for measuring performance against them.

1.66 Ministers announced in November 1998 that the Government would be publishing a Rural White Paper in 1999. This will be jointly authored by a joint operation between the DETR and MAFF. Ministers launched a substantial consultation exercise in February 1999, which is still under way.

CAP reform

(I) cut the overall cost of the CAP to EU consumers and taxpayers from its current level of 88 billion ecus (£62 billion) a year; (Objectives 2 and 4)

1.67 MAFF's performance target to cut the overall cost of the CAP to EU consumers and taxpayers from £88 billion a year is being pursued through the negotiations on CAP reform (details of progress made are contained in Chapter 5, with a summary in paragraphs 5.6 – 5.7). Of the 88 billion ecu overall cost of the CAP in 1995 (the latest typical year for which complete data were available when the PSA was finalised), the consumer element contributed 56 billion ecu while the taxpayer element contributed 32 billion ecu.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

Fisheries

(J) improve the balance between fishing effort and marine fish stocks by reducing effort by 20 per cent in those sectors of the UK fleet with most over-capacity; (Objective 7)

1.68 UK targets for reducing fishing effort are derived from rates set in the EU's Multi-Annual Guidance Programme (MAGP) for fleet restructuring, on the basis of independent scientific advice. Different targets apply to different fleet segments according to stocks fished and may be achieved either by limiting time at sea or by the permanent removal of fishing capacity. Under arrangements announced by Ministers on 24 February 1998, UK fishing effort in 1998 in the beam trawl and pelagic fleet segments is subject to reductions corresponding to 25% of the total required by end 2001. No immediate action is necessary in other segments of the fleet, though limited further decommissioning is planned for fixed gear segments from 1999.

Animal welfare

(K) reduce the incidence of unnecessary pain or distress among animals on the farm; (Objective 8)

1.69 Research has been commissioned to help establish baselines for the state of animal welfare on farms and to refine methods for measuring change. The initial measure will be the percentage of the State Veterinary Service's welfare inspections on farms which detect unnecessary pain or unnecessary distress (11% in 1998). The tools for achieving improvements will be the programme of veterinary inspections itself, veterinary advice given to individual farmers and advisory campaigns directed at groups of farmers.

Flood and coastal defence

(L) by March 2000, publish targets for flood and coastal defence operational authorities which will ensure the effective delivery of sustainable flood defence and coastal protection policies and prevent loss of life through flooding (including by timely and effective warning systems). (Objective 9)

1.70 Through the Government's response to the Agriculture Select Committee, MAFF has a commitment to establish targets for flood and coastal defence. These will generally be delivered in partnership with the relevant operating authorities. Consultation with operating authorities and

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

other interested organisations is taking place. The Ministry has also set targets for achievement of specific priorities by the Environment Agency following the Independent report on the Easter 1998 floods with progress reports on achievement of targets starting in April 1999.

1.71 The Public Service Agreement explicitly recognises that:

The Ministry's ability to achieve its targets will be dependent to a significant degree upon EU decisions, which it can influence but not control, and on actions taken in Scotland, Wales and Northern Ireland.

4. Increasing the Productivity of Operations

In return for its running cost provision for the next three years the Ministry will seek to achieve the following standards in delivering its key services.

a) CAP Administration

- *ensure that 98% of claims are paid by the deadline specified by the EU.*

1.72 Full details, by individual scheme, of Regional Service Centre performance in meeting the EU deadline are contained in Table 8.3 in Chapter 8.

- *develop, test and implement an integrated IT system for administering CAP schemes by March 2002, including the procurement, testing and implementation of a geographical information system (GIS) for the Integrated Administration and Control System (IACS) by October 2001, subject to a proof of concept prototype study to be completed by January 1999;*

1.73 The 'proof of concept' prototype study was completed by 31 January 1999. The study demonstrated that a GIS could be applied to IACS and would improve the efficiency and quality of the IACS processes. MAFF has therefore decided to proceed with the procurement of a GIS for IACS to enable testing and implementation to be completed by October 2001.

b) Animal Health

- *issue all cattle passports, through the agency of the British Cattle Movement Service, within 10 working days of receiving the application;*

1.74 The British Cattle Movement Service (BCMS) was launched on 28 September 1998. In early February 1999, in excess of 90% of cattle passports were being issued in less than 10 working days. As a high priority, BCMS is working on speeding up the processing of applications where there is a delay.

- *visit all notified suspect BSE cases no later than the next working day, and inspect all plants rendering SRM material at least once each week;*

1.75 From 1 April to 31 December 1998 the State Veterinary Service was notified of 3,079 suspect BSE cases, of which 3,022 (98%) were responded to within 1 working day.

1.76 Divisional Veterinary Managers must ensure that each approved rendering premises receives a routine, unannounced visit each week, at least 50% of which must be carried out by a Veterinary Officer – a trained Animal Health Officer or Senior Animal Health Officer [(S) AHO] may carry out the remainder. Up to 9 plants were authorised to render Specified Risk Material but they did not all operate for the whole of the year. 93% of required weekly inspections were made, a total of 417 visits during the year up to 31 December 1998.

- *investigate all reports of adverse animal welfare within one working day;*

1.77 Monitoring of this service standard began on 1 April 1998. In the nine months to the end of December 1998, the State Veterinary Service received 1,082 reports of adverse welfare, of which 956 (88%) were investigated within one working day.

c) Inspectorates

- *ensure that the quality of marketed plants and seeds, eggs and horticultural produce meets statutory obligations;*

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

1.78 The Plant Health and Seeds Inspectorate works to a targeted inspection programme based on assessed plant health risks. It will aim to continue with this programme and to take action in all cases where breaches of statutory standards are identified.

1.79 As well as a responsibility for maintaining quality & labelling standards, the Egg Marketing Inspectorate plays a key enforcement role (including the detection of fraud) in the marketing of eggs produced and sold under Special Marketing Terms (SMT) e.g. Free-Range. These now account for nearly 20% of the market. New work includes the collection of samples for residue testing and, planned for March 1999, the enforcement of Poultrymeat Marketing Regulations in respect of SMT production. Inspection targets reflect the areas of highest risk.

1.80 The Horticultural Marketing Inspectorate is responsible for work on behalf of the Intervention Board and the collection of market price information in addition to its responsibilities for marketing standards for horticultural produce. The Inspectorate works to targets based on a work recording scheme so that effort is directed to areas where it can do the most good.

d) General

- *reduce central overhead costs of the Ministry as a percentage of total running cost provision.*

The Ministry will pursue efficiency gains, and will continue to develop better measures of efficiency and extend these to cover a wider range of departmental activities.

1.81 The target of reducing central overhead costs as a percentage of total running cost provision is a challenging one, not least because of the planned hiving off of a substantial part of the Ministry to form the Food Standards Agency, leaving behind a smaller core department. There may be diseconomies of scale to overcome. The first task will be to arrive at a satisfactory definition of the services which should be included in the equation.

e) Better quality services

The Ministry will regularly and systematically review services and activities over a five year period in line with Government policy as set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

1.82 Use will be made of various techniques for providing better quality services at optimal cost. Benchmarking, efficiency scrutinies, the promotion of competition and the tightening of performance standards will be among the options considered in each case.

f) Electronic Government

The Ministry will exploit opportunities for electronic communications:

- *to increase the proportion of business undertaken electronically and to set a target by 31 March 1999, to enable it to contribute to the Government's commitment to a target of at least 25% for electronic dealings with the public by 2002;*
- *to enable farmers to submit CAP scheme application forms electronically; and*
- *to take forward electronic commerce and procurement card initiatives in conjunction with the development of the Ministry's financial management system.*

1.83 MAFF has made considerable progress towards the Government's target for 25% of services to be available electronically by 2002. The implementation of the Cattle Tracing System which provides the facility for the movement of animals to be notified electronically from farms, agents, markets and abattoirs has been of particular significance. MAFF will continue to exploit the opportunities for electronic communications and has set up a Steering Group which has been specifically charged with identifying the opportunities for new technology to improve the convenience, efficiency and quality of services to the public.

1.84 A pilot exercise is underway to develop the facility for the electronic submission of Common Agriculture Policy Scheme application forms. This pilot is expected to be completed by March 1999 and will play a major part in the re-design of the CAP scheme IT systems.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

1.85 Whilst MAFF is making provision for expansion of electronic commerce as it reworks financial systems, progress will be critically dependent on the true e-commerce capabilities of the supply markets in which MAFF acquires goods and services. Procurement and card pilot schemes have been introduced and will continue to be implemented wherever possible.

g) Sickness Absence

In line with the central initiative to improve attendance, the Ministry will complete an audit of sickness absence monitoring systems by 31 December 1998 to allow targets to be set by February 1999 and agreed with the Cabinet Office by June 1999.

1.86 As a first step in taking forward the Government's initiative to improve attendance management across the public sector, a comprehensive audit of the Department's sickness absence monitoring systems was undertaken during September and October 1998. Although this review identified the need for some minor improvements to the reporting arrangements, it otherwise confirmed that existing systems accurately reflect the true levels of sickness absence in the Department which are already substantially lower than many other Departments and over 20% lower than the Civil Service average. As a result, baselines were established against which indicative targets will be set in consultation with Cabinet Office (OPS) and in line with the Government's commitment to improve attendance management and reduce sickness absence levels in the Civil Service.

h) Fraud

The Ministry will continue to apply controls to detect and prevent fraud and other irregularities under the CAP farm-based schemes. These include in-office manual and computerised checks and on the spot inspections. A management information system collects key data and enables performance to be assessed against EU requirements.

Risks of fraud exist in other areas, including fraud by suppliers, unauthorised access to and use of computer systems and fraudulent travel and subsistence claims by staff, and the Ministry has designated a fraud contact officer to promulgate Ministry policy and to give specific advice to managers. The arrangements will meet central reporting requirements.

1.87 MAFF seeks to apply effective controls to detect and prevent fraud and irregularities under the CAP farm-based schemes. These include

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

in-office manual and computerised checks, field inspections selected by risk analysis and the use of remote sensing. A management information system provides for the collection of key data on the operation of the controls to enable performance to be assessed against EU requirements and to enable adjustments to be made where necessary.

1.88 MAFF is also fully aware of the risks of fraud in other areas of activity. These include fraud by suppliers, unauthorised access to and use of computer systems and fraudulent travel and subsistence claims by staff.

1.89 MAFF has designated a fraud contact officer to act as a focal point for non scheme frauds. The post promulgates MAFF policy on fraud prevention, central guidance, and gives specific advice to managers. It meets central reporting requirements on the incidence of fraud.

i) Procurement

The Ministry will:

- *combine central responsibility for the management of procurement with devolution of operational procurement where appropriate;*
- *develop strategies for delivering best whole life cost solutions, optimising operational savings and minimising the administrative costs of procurement;*
- *improve information and procedures, and education and training; and*
- *undertake benchmarking using maturity profile analysis techniques.*

Where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the Ministry will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.

1.90 Priority will have to be given to our on-going operational requirements, which we shall continue to pursue in accordance with best professional practice. Examples of this are contained in the Government Procurement Annual Report: 1997 and 1998 issued by HM Treasury (copies are available from HM Treasury or from MAFF: telephone 0171 917 3764).

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

1.91 MAFF will strive to make progress with implementing the majority of the recommendations contained in the recently published joint Treasury/Cabinet Office report on civil government procurement, known generally as the PX study. There are 42 action points in the PX study report. Six-monthly reports will be made to Ministers on progress.

1.92 In addition, MAFF will be making every effort to minimise any adverse impact upon the Department of the millennium date change issue and the micro and macro-economic consequences of EMU and the introduction of the euro.

j) Asset Disposals

The Ministry will dispose of most of its surplus land and buildings by the end of 1999-2000.

1.93 During 1999, MAFF will continue with its programme of disposals of surplus land and property. In line with Treasury guidance, we will be aiming to sell the surplus freehold sites for the best price possible for the benefit of the Exchequer and taxpayers generally. To achieve this, we may need to apply for planning consents for the most financially advantageous future use if there is any development potential so that we can sell the sites with the benefit of those consents. On occasions it can take several years to obtain consents. By March 2000, we intend to have disposed of all laboratories which are currently surplus and all but a handful of the old buffer depots which used to house emergency food supplies. Looking beyond that date, we expect to be making arrangements to sell the New Covent Garden Market site at Nine Elms after the necessary legislation has been passed, the Tolworth site which becomes surplus in the autumn of 1999 and a few parcels of land for which we are trying to obtain planning consent. We also aim to sell as quickly as possible a trickle of other properties which are expected to become surplus over the next three years or so.

SECTION 2: INTERVENTION BOARD

1 Aim and Objectives

Aim

To operate the Common Agricultural Policy (CAP) Guarantee Section within the United Kingdom as economically, efficiently and effectively as possible in accordance with the policies laid down by the Agriculture Ministers.

Objectives

- 1) To operate all Intervention Board schemes in accordance with the regulations.*
- 2) To account accurately and in good time to the European Commission, European Court of Auditors, UK Parliament and Exchequer for CAP expenditure.*
- 3) To detect and deter fraud, irregularities and abuse and to operate a range of controls and checks compliant with regulations.*
- 4) To co-ordinate effectively the operations and funding in respect of the UK paying agencies.*

1.94 During the life of the PSA, devolution will impact on IB. The Minister of Agriculture, Fisheries and Food, the Scottish Minister for Agriculture, the Northern Ireland Minister of Agriculture and the First Secretary to the Rural Affairs Committee of the National Assembly for Wales – collectively referred to as the Agriculture Ministers – will continue to be responsible for IB. The Chief Executive shall appear on request before the UK Parliament Public Accounts Committee to give evidence on the discharge of his functions; and appear before the Scottish Parliament, Northern Ireland Assembly and Welsh Assembly to give evidence on the Agency’s work in Scotland, Northern Ireland and Wales.

Objective 1): *To operate all Intervention Board schemes in accordance with the regulations.*

1.95 This relates to all aspects of scheme implementation and covers in particular the activities of IB’s operational units (e.g. claims processing, issue of licences, milk quotas processing and intervention management). Achievement will be measured through the volume of outputs processed, the timeliness and accuracy of processing, the avoidance of intervention stock

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

losses, the provision of cost effective intervention storage solutions and the rate of disposal of meat and bonemeal stocks through large scale incineration.

Objective 2): *To account accurately and in good time to the European Commission, European Court of Auditors, UK Parliament and Exchequer for CAP expenditure.*

1.96 This relates to the preparation of both Exchequer and European Agricultural Guidance and Guarantee Fund (EAGGF) accounts. Achievement will be measured through the timely and accurate submission of Exchequer and European Union (EU) accounts within statutory or regulatory deadlines and the collection of debts not subject to legal process on a prompt basis.

Objective 3): *To detect and deter fraud, irregularities and abuse and to operate a range of controls and checks compliant with regulations.*

1.97 This covers specific control activities covered by IB and relates primarily to the function of the Anti-Fraud Unit, Verification, Internal Audit and the EU Scrutiny Regulation requirements (UK wide). It excludes the day to day control activities performed by scheme managers and their agents under objective 1. Achievement will be measured by the value of irregularities identified.

Objective 4): *To co-ordinate effectively the operations and funding in respect of the UK paying agencies.*

1.98 This covers both IB's role on the UK Co-ordination Body and as the Funding agency for the UK. Achievement will be measured through the volume and the value of funding certificates received from UK paying agencies, the prompt payment of these certificates, the timely submission of EU funding claims, the prompt circulation of new or changed regulatory and guidance requirements and disallowance proposals from the European Commission, and the level of disallowance on all EAGGF schemes operated by the other UK paying agencies. CAP payments made by Member States are reimbursed by the European Commission. Each year the Commission audits Member States accounts before clearing them. It may propose accounting corrections or deductions when Union rules have not been followed. The latter is known as disallowance. Sums disallowed are paid by the Member States, not the European Commission budget.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

Principles and Approach

1.99 In delivering these objectives IB will:

i. achieve standards of service based upon “Service First”.

1.100 IB is committed to meeting the standards laid down by the Cabinet Office in its New Charter Programme. This includes correspondence handling, the setting up of a complaints procedure, consultation with customers, the provision of information to customers, and the meeting of customers special needs.

ii. strive to provide best value for money.

1.101 In discussion with Treasury and with the approval of the Board and the UK Agriculture Ministers, IB annually sets itself a range of challenging key performance targets covering service delivery, efficiency, productivity and value for money. Performance against these targets is published in the Annual Report and Accounts and in Chapter 16. IB is committed to continuous improvement and business excellence and is to maximise the use of its assets and resources, extending partnerships with the private sector as appropriate.

iii. deliver effective financial management and accountability.

1.102 The Integrated Accounting System is to be developed further to meet changes arising from Millennium compliance, facilitating the use of the Euro and the development of Resource Accounting and Budgeting (RAB). IB has well-established financial management systems and is reviewing the extent to which they may be further enhanced to provide better information to senior management. IB has an established Audit Committee to review its financial control arrangements and accounting procedures.

iv. enable customers to make full use of available CAP schemes.

1.103 IB is committed to the principles of open government and applies the requirements of the Code of Practice on Access to Government Information. Information on IB's schemes and where to seek help and advice is readily available through explanatory leaflets, the Corporate Communications Unit, its telephone Helplines and the Internet.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

v. meet the reasonable needs and expectations of customers and stakeholders.

1.104 The benefits to be gained from regular and effective communications with its customers and stakeholders is recognised. Customers are periodically surveyed to determine their views on their contacts with IB and the service it provides against targets that are published annually. IB has set up Trade Consultation Groups to provide a structured forum at which issues of a largely operational nature may be discussed openly. IB is represented at selected agricultural shows and publishes targets for the services it provides.

vi. be at the forefront of the Better Government initiative.

1.105 An Information Systems Strategy which is sufficiently flexible to meet new and changing business needs is maintained. It recognises the implications of, and operates in line with, the principles of "Better Government" and in particular is working towards delivering more services electronically. The implementation of a new Information Technology (IT) infrastructure is taking place in 1999 which will give all staff access to modern office systems, communications and electronically held corporate information. The Information System (IS) Quality Management System is BS EN ISO 9001 registered and regularly audited. Regular benchmarking of service management activity is carried out and the principles of continuous improvement are followed.

vii. manage and develop staff effectively and fairly within Investors in People (IIP) standards; and

viii. enable staff to develop their potential through increasing their knowledge, skills and experience.

1.106 IB recognises that it needs to be best placed to recruit and retain staff in the face of local competition. It has achieved IIP recognition and through that standard IB is developing a motivated, flexible and multi-skilled workforce which will meet the Agency's business objectives efficiently and effectively; offer a high level of service; and respond to expected new tasks and changing priorities equally well. Training will be competence-based and will equip staff with transferable skills. A new staff appraisal system will be introduced which rewards good performance and encourages staff to broaden their knowledge, skills and experience. Managers will actively encourage staff development.

2 RESOURCES

1.107 IB's Departmental Expenditure Limit, gross running costs provision and Annually Managed Expenditure are set out in Section 1 of Part B (Resources).

3. PERFORMANCE TARGETS

By 31 March 2002, the Intervention Board will:

- i. deliver all key targets for service delivery, accounting, public sector productivity, procurement and anti-fraud activities; (Objectives 1 to 4)*
- ii. implement the changes necessary to offer traders the option of receiving payments in euros by Autumn 2000; (Objective 4)*
- iii. ensure that annual CAP disallowance is no greater than 0.4% of total CAP refunds paid by the Intervention Board; (Objectives 1 to 4)*
- iv. incinerate at least 60% of the Over Thirty Months Scheme and Selective Cull Scheme meat and bone meal produced up to 31 March 2002. (Objective 1)*

1.108 IB's key performance targets are described more fully in Section 4 below and Chapter 16.

1.109 Implementation of the necessary system changes to provide to customers the ability to receive payments in euros is expected to be completed in autumn 2000. A project board has already been set up to take this change forward, together with those changes to emerge from the revision of the Agrimonetary arrangements.

1.110 The disallowance target relates to expenditure incurred by IB on those schemes it administers. IB has in place extensive technical and control services and management checks. A Scheme Management Group within its Operations Directorate oversees the development and review of scheme control plans and ensures that control standards are uniformly and consistently high across the whole operational area. In the Directorate's Reading based units a system will be introduced to monitor, record and disseminate information on corrective action emerging from audit reports. A co-ordinating group will be set up for all internal market based schemes, based on the lines of the arrangements already in place for external trade refunds and licensing.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

1.111 A contract for incineration (with energy recovery) of part of its present stockholding of waste meat and bonemeal (See Chapter 16) has been concluded. Negotiations with other potential service providers for the incineration of the balance of the stock are continuing. Appropriate incineration capacity within the UK is limited, and it will take time for companies to effect the necessary plant conversions and building works and to secure appropriate local authority and Environment Agency approvals.

4. INCREASING THE PRODUCTIVITY OF OPERATIONS

In return for its running costs and capital provision for the next three years, the Intervention Board will seek to achieve the following standards in delivering its key services:

- *process not less than 99% of all outputs within agreed deadlines;*
- *process accurately not less than 98.5% of all outputs;*
- *submit all appropriation, agency and European Union Accounts within statutory or regulatory deadlines;*
- *deliver savings of 7% in procurement of goods and services;*

1.112 The key performance targets for 1999-00 are currently under review to determine whether they remain appropriate to IB's business objectives and outputs, and to ensure that they remain sufficiently challenging. It is anticipated that this review will produce better measures of efficiency and service which would also cover a wider range of its activities. See Chapter 16 for further details.

- *achieve full year 2000 compliance on IT systems and infrastructures by mid 1999;*

1.113 This is key to IB's continued business function. Work is on target to deliver the necessary development and upgrade requirements of its operational systems, the Integrated Accounting System and the IT infrastructure. The issue of embedded systems and the impact on non-IT facilities and services is also being addressed. A Year 2000 contingency plan is being developed covering internal systems and services and the action to be taken should there be difficulties which affect the supply chain and links with external organisations.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

- *develop appropriate accounting and management information systems to facilitate the introduction of Resource Accounting and Budgeting;*

1.114 The Integrated Accounting System already contains both cash and accruals functionality, in order to produce its Appropriation and Agency accounts. However, further work is ongoing to meet the additional requirements of Resource Accounting. IB has been granted Stage 1 clearance by the Treasury and is on course to meet the Governments timetable for the implementation of RAB.

- *where there is no contractual provision or other understanding or accepted practice governing the timing of payment, the Intervention Board will pay within 30 days of receipt of goods or services or the presentation of a valid invoice or similar demand for payment, whichever is the later.*

1.115 IB is committed to meeting this service standard. Extensive monitoring and reporting arrangements have been introduced to ensure that timely payment is effected and that any late payments are quickly identified and corrective action taken.

Better Quality Services

- The Intervention Board will develop a five year rolling review programme by April 1999 covering the delivery of services and activities on the basis of the principles laid down in the handbook "Better Quality Services".*

1.116 A number of management tools including internal restructuring following benchmarking will be used. IB will continue with its policy of contracting out non-core work where this offers best value for money. It is nearing the end of its initial market testing programme with only one test outstanding. It will, however, review the options for second tranche market testing and also repatriation of work where this may be the most appropriate option.

1.117 IB intends to consult widely with its customers in the private sector and in other arms of government. IB enjoyed a constructive relationship with

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

the Trade Union Side throughout its market testing programme and would seek to continue this through a policy of openness and consultation.

Electronic Government

The Intervention Board will exploit opportunities for electronic communications and set targets by 31 March 1999 to make possible the delivery of 25% of its business electronically by 2002.

1.118 IB is committed to meeting the Government's targets and has established an Electronic Business Steering Group chaired by the Chief Executive. Pilot projects have been set up to address the requirements for specific areas of the business. IB is working with HM Customs and Excise to receive export refunds electronically. A system for certain customers to apply for import and export licences electronically is currently being evaluated. A pilot project with a major customer is under discussion with the objective of live running during 1999, subject to discussions with the customer. If successful, it would be expanded to all other customers who require an electronic service. Discussions with the Commission are also taking place about the future of electronic links (including the Internet) for the transmission of export refund rates and Euro exchange rates to paying agencies. The IB has been one of only a small number of paying agencies making use of the Commission's existing, but somewhat basic, electronic link. The Commission is keen to develop the link for more use in the future and IB is actively pursuing the development. IB has applied to join the Government Secure Intranet (GSI) and expects to receive accreditation early in 1999.

Sickness absence

The Intervention Board will build on the improvements it has achieved in recent years and is committed to delivering further reductions in its sickness absence levels. It will take steps to contribute to the reduction of public sector rates of average sickness absence, by 20% by 2001 and 30% by 2003. After completion of a review of its current practices, it will propose targets for the reduction of its sickness absence rates by February 1999 and agree them with the Cabinet Office by June 1999.

1.119 Improvements in the level of sickness absence through training and the introduction of new arrangements including "return to work" interviews

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

has already been achieved. It has set up a working group including representatives from the Trade Union Side to determine the extent to which it might benefit further from the introduction of the recommendations and best practices set out in the Cabinet Office Working Well Together report.

Fraud

The Intervention Board will strengthen its defences against fraud by:

- *employing an intelligence-led approach and the extended use of risk analysis in all appropriate areas;*
- *effective use of the Anti-Fraud Unit's resources in the area of fraud prevention and detection;*
- *increased activity on BSE and Milk Quota work;*
- *fully meeting the UK's Scrutiny obligations by mid 2000;*
- *more actively seeking, recording and analysing information, in order to improve early assessment of suspected irregularities and make better use of its investigative capacity;*
- *a systematic process of review of ongoing investigations, with improved feedback and communication between investigating officer, scheme manager and legal advisers; and*
- *closer mutual assistance with other Member States, particularly where there is a risk of organised fraud across the Community.*

1.120 The new Research and Intelligence Unit has been successfully set up and is gaining experience and specialised training has been undertaken. The system of accessing and monitoring investigations has been implemented. It was developed in the pilot stage of the Intranet and it will become more effective after the rollout of the new computer system, when it will be available to a wider selection of operational staff.

Procurement

The Intervention Board will meet its savings target for the procurement of goods and services by:

- *implementing the recommendations of the CSR Review of Civil Procurement Efficiency, in so far as they relate to the Intervention Board, through an action plan drawn by an interdisciplinary project team;*

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

1.121 This will include the growing use of electronic commerce; the use of government procurement cards to reduce the costs of many lower value procurements; wider access to the Government Secure Intranet, both as a means of encouraging collaboration between departments and allowing suppliers access to electronic tendering. Greater use of framework agreements and call-off contracts will offer scope for reducing the costs attached to lower level procurement. A greater emphasis on training to enhance practical skills and encourage the attainment of professional qualifications will deliver a more effective and professional procurement service to IB.

- *improving and attuning the efficient and economic strategy for the Intervention Board's intervention storage requirements to market changes;*

1.122 Its programme of storage rationalisation taking advantage of the generally preferable rates obtained through chamber period rentals as opposed to spot rate will continue. IB will continue to ensure that it has reliable market intelligence which is essential in obtaining timely and cost effective storage solutions throughout the range of intervention commodities.

- *completing a study of the options for delivery of technical and field services in 1999 and pursuing further opportunities for market testing and strategy contracting out;*

1.123 Technical and Field Services are a major area of IB's expenditure (currently in excess of £20m per annum). These services are complex and have yet to be subjected to competition. A feasibility study to determine the suitability of this work for outsourcing has already begun.

- *pursuing opportunities for PFI solutions, collaborative procurement and the wider use of call-off contracts and framework agreements.*

1.124 Call off contracts for services such as spot car rental have been used by IB for a number of years together with framework agreements for stationery, furniture, mobile phones, printing, training, travel and translation services. IB is committed to widening the use of such facilities and will be looking at a number of additional potential services in the coming years.

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

Output and Performance Analysis (OPA)

1.125 Publication of the MAFF/IB PSA is only the first step. Monitoring and reporting will be critical in ensuring that targets, once set, are met. The OPAs, which are being developed under RAB, will include the measures which will be used to chart progress against the specific targets set out in the PSA.

Table 1.2: Summary Cash Plan Table

		£ million								
Vote 1		1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Section		outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
	Intervention Board									
	Departmental Expenditure in									
	Departmental Expenditure									
	Limits									
B	Market support – BSE				1,088	673	446	433	417	412
	Clean Beef top up scheme				4					
	Beef stock transfer and disposal service schemes				52	6				
C	Selective Cull					115	16	3		
	Aid to the Rendering Industry					55	1			
A	Administration	45	39	40	58	63	71	66	68	68
	Total Intervention Board									
	Departmental Expenditure in									
	Departmental Expenditure									
	Limits	45	39	40	1,202	912	535	503	485	480
	Intervention Board									
	Main Departmental Programmes									
	in Annually Managed									
	Expenditure									
E	EU grants for school milk and milk products	31	16	15	12	9	9	9	9	9
D	Market support – Non BSE	1,045	438	441	465	423	580	490	458	445
	Total Intervention Board									
	Main Departmental Programmes									
	in Annually Managed									
	Expenditure	1,076	454	456	477	432	590	499	467	454

part B: Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

Table 1.2: Summary Cash Plan Table (continued)

		£ million								
Vote 2		1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Section		outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
	Domestic Agriculture, Fisheries and Food									
	Departmental Expenditure in Departmental Expenditure Limits									
A,B	Protection of public health	171	157	147	157	157	173	146	136	134
C	Sustain and enhance the rural and marine environment	106	99	94	98	86	151	146	152	143
D	Secure a more economically rational CAP	5	5	4	5	4	5	5	5	5
E,F	Assist the development of efficient markets	174	159	180	273	153	111	109	106	105
G	Encourage economic and social development in rural areas	42	35	25	51	41	55	52	53	40
H	Administer payments under the CAP	30	29	29	31	29	33	33	34	32
I	Conservation of fish stocks	16	17	18	19	22	31	34	29	29
J	Protection of high welfare standards	11	11	11	12	11	20	20	20	20
K	Reduce risks from flooding and coastal erosion	54	66	84	90	77	62	65	68	69
L	Safeguard of availability of food and drink	-15	-20	1	2	2	3	3	3	3
	ERDF					2	1	1	1	1
M	Departmental Operations	187	190	191	182	153	160	163	122	186
	Ministry Executive Agencies	-2	-6	17	-15	-19	-16	-30	-25	-26
N	Credit Approvals	13	10	14	16	12	17	18	19	19
	Total Domestic Agriculture, Fisheries and Food									
	Departmental Expenditure in Departmental Expenditure Limits	791	752	816	919	732	805	765	722	760

part B:

Public Service Agreement for the Ministry of Agriculture, Fisheries and Food and the Intervention Board

Table 1.2: Summary Cash Plan Table (continued)

Vote Section	£ million								
	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 estimated outturn	1999-00 plans	2000-01 plans	2001-02 plans
Of which:									
Central governments own expenditure	972	894	954	1,052	879	958	925	883	926
Of which:									
ERDF					2	1	1	1	1
Civil defence	-4								
Central government support for									
Local authorities	-181	-142	-138	-133	-147	-153	-160	-161	-165
Of which:									
Credit approvals	13	10	14	16	12	17	18	19	19
Domestic Agriculture									
Fisheries and Food									
Main Departmental Programmes									
in Annually Managed									
Expenditure									
Market support	1,036	1,204	1,516	1,619	1,422	1,490	1,291	1,482	1,626
Total Domestic Agriculture									
Fisheries and Food									
Main Departmental Programmes									
in Annually Managed									
Expenditure	1,036	1,204	1,516	1,619	1,422	1,490	1,291	1,482	1,626
Total Ministry of Agriculture,									
Fisheries and Food and the									
Intervention Board									
Departmental Expenditure in									
Departmental Expenditure									
Limits	835	791	856	2,121	1,644	1,340	1,268	1,207	1,240
Total Ministry of Agriculture,									
Fisheries and Food and the									
Intervention Board									
Main Departmental Programmes									
in Annually Managed									
Expenditure	2,112	1,658	1,973	2,096	1,854	2,080	1,790	1,948	2,080

Cash amounts below £0.5 million are not shown.

BSE: further progress

2.1 The 1997 and 1998 Departmental Reports described the actions taken in the aftermath of the March 1996 announcement of a new variant of Creutzfeldt-Jakob Disease (CJD) in humans. This Chapter describes the further action which has been taken during 1998/99 under the following headings:-

- (i) Public health
- (ii) Animal health
- (iii) Public inquiry
- (iv) Consumer assurance
- (v) Trade
- (vi) Support for industry
- (vii) Research
- (viii) Parliamentary aspects; and
- (ix) Advice and information

(i) Public health

2.2 New variant CJD (nvCJD). As at 9 February 1999, there have been a total of 38 definite and probable cases of nvCJD in the UK. In addition, one case of nvCJD has been confirmed in France. It is likely that further cases of nvCJD will come to light, but it is still too soon to make any accurate predictions about likely patterns of future cases.

2.3 EU measures on Specified Risk Material (SRM). Commission Decision 97/534, which would have introduced EU-wide controls on SRM (i.e. tissues which are known to, or might possibly, harbour significant BSE infectivity) was initially due to come into force on 1 January 1998. However, mainly because of concerns about its effect on the supply of pharmaceutical products and cosmetics, its application was delayed, first until 1 April 1998 and then until 1 January 1999. A further attempt by the Commission to amend the Decision in December 1998 failed to secure the necessary support and the application of Commission Decision 97/534 was again deferred, this time to 31 December 1999.

2.4 The UK ban on Specified Risk Material (SRM). National controls have been in place since 1989 on risk material from carcasses of cattle and since 1996 on risk material from carcasses of sheep and goats on the assumption that they may be infected with BSE at the time of slaughter. These measures, the purpose of which is to prevent such materials from entering the human food and animal feed chains, have been regularly reviewed on the basis of the best available scientific advice.

2.5 The current controls – under the Specified Risk Material Order 1997 and the Specified Risk Material Regulations 1997 (as amended) – came into force on 1 January 1998. The Order banned the import of SRM (except for uses other than in human food, animal feed, cosmetics, medical and pharmaceutical products) and required imports of meat and other specified products for use as or in food or animal feed to be accompanied by a certificate confirming that they are SRM-free or that they are from animals which were born, reared and slaughtered in Australia or New Zealand. The Regulations extended domestic controls on SRM to the spinal cord and tonsils of sheep and goats aged over 12 months or with a permanent incisor erupted and the spleen of all sheep and goats. The controls are enforced by the Meat Hygiene Service in licensed slaughterhouses and cutting plants and by local authorities in other premises. Enforcement performance is audited by the State Veterinary Service in all premises each month; the results are published in the monthly BSE Enforcement Bulletin.

2.6 The Beef Bones Regulations 1997. On 9 November 1998 the Spongiform Encephalopathy Advisory Committee (SEAC) reviewed its assessment of the risk to public health of BSE infectivity in the dorsal root ganglia and bone marrow of cattle and concluded that any risk from these tissues is now even smaller than last year. SEAC's scientific assessment, which was published on 30 November, reflected the continued decline in the incidence of BSE. The Government's Chief Medical Officer (CMO) recommended, in the light of SEAC's findings, that the Beef Bones Regulations 1997 should remain in place for the time being but, in view of an expected further fall in the incidence of BSE, that they be reviewed six months from 1 February 1999 against criteria he identified. The Minister announced to the House of Commons on 4 February, that the Government had accepted the CMO's advice and that if it could do so, consistent with a further assessment of the medical and scientific evidence, the Regulations would be lifted after that review.

2.7 The Government also accepted the CMO's recommendations that the age structure of BSE in cattle should also be analysed, that the success of the existing control measures be audited and a fresh set of predictions prepared of BSE incidence in cattle. In addition the CMO will ensure that work continues to provide estimates of risk in terms to enable greater public understanding of the level of risk and to continue to monitor the incidence of nvCJD and the factors related to it.

2.8 The Spongiform Encephalopathy Advisory Committee (SEAC).

During 1998/99 SEAC has considered emerging research findings and has reviewed the state of knowledge in several areas, in particular in relation to BSE and sheep. On this matter it has not recommended any further measures as necessary to protect public or animal health; nor has it recommended any relaxation. It has, however, set up a sub-group to consider what further research and surveillance should be carried out in order to give a better understanding of any risks from BSE and sheep. SEAC also reviewed their advice on infectivity in dorsal root ganglia and bone marrow (see paragraph 2.6) and recommended further research into the possibility of sub-clinical BSE in cattle. SEAC produced their first annual report in December which covers implementation of the review of the terms of reference, structure, membership and operations of SEAC. The annual report also includes details of membership of the Committee and its sub-committees throughout 1997/98 and a summary of issues considered during the year, together with the texts of its statements and advice. The latter cover maternal transmission, the theoretical risk of BSE in sheep, human blood and blood products, the safety of beef, dorsal root ganglia and intraspecies recycling of pig and poultry waste. Copies may be obtained from the SEAC Secretariat, Room B138, MAFF, Government Buildings, Hook Rise South, Tolworth, Surbiton, Surrey, KT6 7NF (Tel: 0181 330 8769) or on the Internet at: <http://maffweb/animalh/bse/index.html>

2.9 Over Thirty Months Scheme (OTMS). The scheme was introduced in May 1996. In the calendar year 1998 some 0.8 million animals were processed under the OTMS.

(ii) Animal health

2.10 Decline in the epidemic. The number of cases of BSE confirmed in animals placed under restriction in 1997 was 4,312. This falls within the range of Professor Anderson's¹ predicted number of cases of 3,006 to 7,664 (assuming 10% maternal transmission for calves born to BSE infected dams in the last 6 months prior to clinical onset). As at 29 January 1999 the number of cases of BSE confirmed in animals placed under restriction in 1998 was 2831, but diagnoses on these animals are not yet complete. The number of reported cases during 1998 was 22.6% fewer than in 1997.

2.11 The removal of meat and bone meal from the food chain.

Keeping mammalian meat and bone meal (MBM) out of ruminant diets is the

¹ Anderson et al, 1996, Nature Vol. 382, 779-788

key measure to prevent infection of cattle, sheep and other ruminants with BSE. The first step taken in 1988 was a ban on the use of ruminant derived protein in ruminant feed. In 1994 the ban was extended to cover any mammalian protein in ruminant feed, and, in order to prevent cross contamination, it was further extended in 1996 to cover the use of mammalian MBM in any farmed livestock feed. In 1996 a newly developed test was introduced to monitor ruminant and porcine protein levels in feed. Each year the information known about premises handling feedingstuffs is used to determine a statistically based sampling programme. The latest annual feed sampling programme was launched on 1 August 1998 – the aim is to test 20,000 feed samples before August 1999. In the period 1 August 1998 to 11 January 1999, 99.7% of 6,900 samples tested negative for the presence of mammalian protein. All positive or inconclusive results are investigated to determine whether there has been a contravention of the legislation. Since 1 August 1998, samples taken at 14 premises have tested positive or inconclusive for the presence of mammalian protein. Investigations into five of these have been completed and it was concluded that, in these cases, there had been no breach of the ban. The other investigations have not yet been completed.

2.12 Selective cull of cattle. The selective cull is expected to be completed shortly. Implementation of the selective cull is part of the UK's BSE Eradication Programme as approved by the EU Standing Veterinary Committee in June 1996. The basic rationale of the scheme is to accelerate the eradication of BSE through the slaughter of animals considered to be most at risk of infection, although it has always been recognised that its effect in this respect will be limited. The animals targeted are those born between 1 July 1989 and 30 June 1993 which, in the first six months of their life, are likely to have shared the same infected feed as BSE cases identified as suspects before the end of 1996. Animals born between 1 July 1989 and 14 October 1990 are only slaughtered if the owners offer them voluntarily. On-farm visits to identify cull animals began in January 1997, and by the end of January 1999 a total of 75,000 animals had been slaughtered in Great Britain.

2.13 The offspring cull. The Minister announced on 29 July 1998 that a cull of offspring born after 1 August 1996 to confirmed BSE cases would begin on a voluntary basis in August 1998. This was an act of good faith in the negotiations over the Commission's proposals for the Date Based Export Scheme (DBES), a key condition of which was the culling of offspring born after 1 August 1996 (the date after which maternal transmission is expected

to be the only known route of BSE infection) which may have been infected by their dams. It is a condition of the DBES that the backlog (i.e. all offspring born after 1 August 1996 and before 25 November 1998 to confirmed BSE cases) should be slaughtered and incinerated before exports can commence. By starting the cull on a voluntary basis it was possible to make a start on the backlog in order to minimise the time between agreement of a Commission Decision on the DBES and the resumption of exports.

2.14 Commission Decision 98/692 on the DBES and associated offspring cull was adopted by the Commission after the November Agriculture Council. This made it possible to introduce UK legislation for a compulsory offspring cull, and the BSE Offspring Slaughter Regulations came into force on 4 January 1999. By 2 February, under the voluntary and subsequent compulsory cull, over 8,000 offspring born to confirmed BSE cases had been identified. Over 3,200 had been found to be already dead, over 2,000 had been slaughtered under the cull and a further 1,850 were awaiting slaughter. Over 200 animals were under movement restriction pending confirmation of BSE in their dams.

2.15 Sheep. BSE has been transmitted experimentally to some sheep of certain breeds so there is a risk that it could have been transmitted through contaminated feed prior to the feed ban in 1988. However, no evidence of BSE in sheep in the national flock has been found. SEAC has stated that BSE could theoretically have become established as an endemic disease in sheep, like sheep scrapie, and be masked by or confused with scrapie. So far no evidence of BSE in sheep has been found. In May 1997, SEAC recommended a three tier approach to improve knowledge of the incidence of scrapie in sheep. It covers:

- a) Legislation making the slaughter of suspect scrapie cases compulsory (with compensation) and providing powers to conduct veterinary investigations into cases and associated flocks. This came into force on 29 July 1998.
- b) A year-long survey of appropriate tissues from sheep from abattoirs in Great Britain for signs of scrapie. This was concluded in August 1998.
- c) Following the conduct of a pilot survey, an anonymous postal survey of a random selection of sheep farmers in Great Britain on their holdings. This took place in November and December 1998 but the results are still being analysed.

The results of both surveys will be published. Research projects are in place at the Institute for Animal Health that will identify the disease agent from

brains of sheep diagnosed as suffering from scrapie to see if it is, in fact, BSE. Further work is also planned to explore much quicker molecular analysis of the prion protein to do this.

2.16 SEAC have noted that valuable preliminary information was emerging from established studies but they concluded that more work was needed to determine how much scrapie there is in UK sheep and which disease agents are involved (BSE or scrapie, and which form of scrapie as several distinct varieties or “strains” of scrapie agent exist). The Committee established a sub-group to develop further recommendations on this. The sub-group met on 30 September and a report incorporating these conclusions and recommendations will be published as soon as it is finalised.

(iii) Public Inquiry

2.17 On 22 December 1997, the then Minister announced that the Government had asked Lord Justice Phillips to carry out a non-statutory inquiry with the following terms of reference:

“To establish and review the history of the emergence and identification of BSE and nvCJD in the United Kingdom and of the action taken in response to it up to 20 March 1996; to reach conclusions on the adequacy of that response, taking account of the state of knowledge at that time; and to report on these matters by 31 December 1998 to the Minister of Agriculture, Fisheries and Food, the Secretary of State for Health and the Secretaries of State for Scotland, Wales and Northern Ireland.”

The date for the completion of the report to Ministers was extended to 30 June 1999 at the commencement of the Inquiry. On 17 February 1999, the Minister of Agriculture, Fisheries and Food announced that the Committee of Inquiry had indicated that it needed an extension of time beyond 30 June 1999 to enable it to complete its work. Discussions are underway on the additional period that will be required to allow the Inquiry to do this.

2.18 The other members of the Inquiry are Professor Malcolm Ferguson-Smith, Professor of Pathology at the University of Cambridge, and Mrs June Bridgeman, formerly deputy chair of the Equal Opportunities Commission.

2.19 Phase 1 of the Inquiry, which ended in December 1998, was concerned with hearing evidence and establishing the facts. It involved 95 days of hearings. Oral and/or written evidence has been taken from 333 witnesses, including 12 former Ministers and 86 current and former MAFF officials. MAFF provided the Inquiry with over a million documents during the course of this

phase. Phase 2 of the Inquiry, which has now begun, includes further hearings drawing on responses to letters sent to individuals by the Inquiry asking for further clarification or asking them to address potential criticisms. Following this, the Inquiry report will be drafted for delivery to Ministers.

(vi) Consumer assurance

2.20 Introduction of Cattle Tracing for GB. A major achievement for 1998. A computerised Cattle Tracing System (CTS) for Great Britain was introduced on 28 September 1998. CTS will record the movements from birth to death of cattle born or imported into Great Britain which are registered from 28 September and will also record the birth and death of cattle issued with passports since July 1996. Holding this information on a central database will make it possible to trace cattle more easily if there is a disease outbreak, and give greater assurance to buyers and consumers about an animal's history. MAFF's objective is to make such information available to all relevant interested parties. There will however be some circumstances where it would be inappropriate to disclose information held on CTS. MAFF have therefore issued a Code of Practice setting out the procedures that will be followed by the British Cattle Movement Service (BCMS) when considering requests for information.

2.21 The new system is being run by the British Cattle Movement Service (BCMS), based in Workington, Cumbria. It is part of MAFF and employs some 300 people. As of 31 January 1999, the BCMS had issued 841,426 cattle passports. That brings the total of cattle registered on the database to over 8 million. BCMS has also recorded 447,468 cattle movements. These movements can be notified either electronically or by pre-paid postcards. By the end of January the BCMS telephone Helpline had also taken 112,392 calls since 28 September 1998.

2.22 Beef Labelling Scheme. This scheme, set up by Regulation 820/97, came fully into force on 1 July 1998. The aim of the scheme is to provide consumers with more and better information about the beef they buy. Since 1 July, any person selling beef and labelling it with information about its origin (e.g. "British", "Aberdeen Angus", "organic") must first get approval for this and employ an independent third party to verify that the information is true. By the end of 1998, more than 1,500 applications under the scheme had been approved, with the result that the overwhelming majority of beef sold in the UK was now able to be labelled with its origin.

(v) Trade

2.23 The world-wide ban on the export of UK beef and bovine products. The preconditions of the Florence agreement, which provides a framework for the lifting of the ban, have been met. The results of the measures in place for fulfilling these preconditions are reported in Chapter 3. There have been significant steps towards a relaxation of the beef export ban. Exports from Northern Ireland have resumed under the Export Certified Herd Scheme (ECHS) and agreement in principle to exports from the UK under the Date Based Export Scheme (DBES) has been secured.

2.24 The original ban on the export of UK beef and bovine products, Commission Decision 96/239 of 27 March 1996, was replaced by Council Decision 98/256 on 16 March 1998. Council Decision 98/256 re-enacted the export ban; however it includes:

- a) conditions under which the export of meat and meat products derived from bovine animals from Northern Ireland Export Certified Herds Scheme herds could be resumed;
- b) tighter controls for the export of meat and certain products for use as or in human food, animal feed, cosmetics, medical or pharmaceutical (non-technical) products derived from bovine animals slaughtered outside the UK which have been processed in approved premises;
- c) a reimposition of the ban on exports of gelatin for non-technical uses produced from UK origin bovine raw materials;
- d) similar conditions for the export of amino acids, peptides, tallow and tallow products and derivatives for use as or in non-technical products derived from bovine animals slaughtered in the UK; and
- e) new conditions for the export of products for technical uses derived from bovine animals slaughtered in the UK, which were previously excluded from the ban.

Bovine semen is no longer banned.

2.25 Export Certified Herds Scheme. The first relaxation of the export ban took place in June 1998. The adoption of Council Decision 98/256 on 16 March allowed exports of meat and products from animals slaughtered in Northern Ireland under an Export Certified Herds Scheme (ECHS). On 27 May 1998, following a successful inspection of the Northern Ireland procedures by the European Commission, it set 1 June 1998 as the date exports could start. Commercial exports from Northern Ireland began in the

week of 14 September. The quantity of beef being exported is running at some 20 tonnes per week, low compared to pre-ban levels.

2.26 Date Based Export Scheme (DBES). The next step in lifting the export ban was agreed in November 1998. Following the Scientific Steering Committee's (SSC) positive Opinion on the UK's proposal for a Date Based Export Scheme (DBES) and discussions with UK officials, the European Commission issued their DBES proposal on 10 June 1998. Commission representatives visited the UK from 20-24 July 1998 to examine the UK's proposed procedures for implementing the DBES. The Commission presented their broadly positive report of the inspection visit to the Standing Veterinary Committee (SVC) on 8 September 1998. There were majority votes in favour of the DBES at the SVC on 4 November 1998 and the Council of Ministers on 23 November 1998, though not a large enough majority to secure adoption by the SVC or the Council itself. The Commission nevertheless adopted Commission Decision 98/692 which amends the beef export ban Decision to provide for the DBES. The DBES will, subject to certain conditions, permit the export of beef and beef products from UK animals born after 1 August 1996.

2.27 The Florence Agreement, and Decision 98/692, required that prior to setting a date from which exports could commence the Commission must inspect the UK's procedures for implementing the DBES and progress with the offspring cull (see paragraphs 2.13 and 2.14). This inspection was expected in late March or early April 1998. Preparations for the inspection, and the introduction of the legislation and procedures necessary to operate the Scheme were well underway in early 1999. As part of this process consultation documents on legislation and procedures for implementing the DBES were issued on 14 December 1998.

2.28 Implementation of the export ban and arrangements for re-export of imported beef. With the exception of ECHS beef, Council Decision 98/256 restated the ban on the despatch from the UK of all live bovines, bovine embryos, beef and products derived from bovines slaughtered in the UK. Amongst other things, the Decision also included new measures to extend and strengthen the previous controls for permitted despatches of meat and meat products derived from foreign origin bovines. These tighter controls include:

- a) a significant increase in the level of veterinary supervision throughout the production chain,
- b) tougher segregation requirements,

- c) officially sealed transport, and
- d) stricter requirements for record keeping, health marking and labelling.

The requirements of the Decision were implemented fully into GB national legislation by the Bovines and Bovine Products (Trade) Regulations 1998 which came into force on 1 May 1998. The Regulations continue to make it an offence to despatch, or consign for despatch, UK cattle, beef and beef products and goods derived from foreign origin bovines which do not comply with the Regulations. There are powers to search, seize and detain goods, as well as penalties which include 2 years' imprisonment and fines of up to £5,000. Portal surveillance continues to be undertaken by the State Veterinary Service on a random and unannounced basis with, on average, over 5,000 checks carried out each month. Reports of alleged illegal exports are urgently and rigorously investigated, and UK officials collaborate with their counterparts in other Member States and with the Commission's own anti-fraud unit where appropriate.

2.29 Export of bovine by-products. Council Decision 98/256 set out control requirements for the export of gelatin and certain other by-products produced from imported bovine raw materials. Producers of collagen, amino acids and peptides and certain tallow products were, for the first time, required to be under supervision and have in place full tracing systems. The Decision did not change the conditions for export of tallow from UK bovine raw materials for non-technical use, which may only be permitted when inspection visits have been carried out by European Commission inspectors. These provisions were implemented in Great Britain by the Bovines and Bovine Products (Trade) Regulations 1998 which came into force on 1 May 1998.

2.30 European Court of Justice Case. On 24 May 1996, the UK applied to the European Court of Justice (ECJ) to have the export ban overturned. However, on 5 May 1998 the ECJ upheld the validity of the export ban.

(vi) Support for industry

2.31 The Over Thirty Months Scheme (OTMS) This scheme is the most expensive BSE-related measure, and its operation is one of the stipulations of the Florence agreement. Its dual purpose is to protect public health by keeping meat from older animals out of human food and to support producers affected by the ban on marketing of meat from animals aged over thirty months. Under the scheme, which is set up by Regulation 716/96, the

Government purchases cattle aged over thirty months presented to it at collection centres (e.g. markets, abattoirs). The Government then arranges for the animals' slaughter and subsequent destruction so that no material enters either the food or feed chains. Payment rates under the scheme have been reduced over time from 1 ecu (Euro) in April 1996 to 0.8 Euro/kg for cull cows and 0.9 Euro/kg for other animals, equivalent to about 56p and 63p respectively. All payments are subject to a weight limit of 560 kg and qualify for EU reimbursement at a rate of 70%. During 1998 a total of 890,000 animals were slaughtered under the scheme, making a total of nearly 2.9 million since the scheme was introduced in May 1996.

2.32 It may be possible to reduce the scope of the OTMS, as ruminant feed has been free of mammalian protein since August 1996. There is, therefore, theoretical scope for loosening the controls on animals born after that date. The rules of the scheme will only be altered on the advice of SEAC, and will require the approval of the EU Commission.

2.33 The carcasses of cattle slaughtered under the OTMS are required by Commission Regulation 716/96 to be incinerated or rendered and destroyed. Under this provision, nearly 188,000 carcasses, mainly casualty animals, have been sent for incineration while the remainder have been rendered, with the resultant 370,000 tonnes of meat and bone meal (MBM) and 190,000 tonnes of tallow being sagely and securely stored prior to disposal. The Intervention Board, which has responsibility for the day to day operation of the scheme, has an existing contract with a high temperature waste incinerator to burn up to 45,000 tonnes of MBM. IB has entered into discussions with a number of potential service providers under the negotiated procedures of the EU Services Directive to develop large-scale disposal outlets.

2.34 Out of this process, the award of the first contract was announced on 6 October 1998 to a plant in North Lincolnshire which produces electricity from poultry litter. The contract covers the incineration of at least 255,000 tonnes of MBM over a minimum period of three years subject to the company obtaining the necessary planning and environmental consents in accordance with normal procedures. IB are considering proposals from other potential service providers. Quantities of OTMS (and Selective Cull) tallow are being burned by renderers as a replacement fuel. Work on identifying large-scale disposal options for the bulk of the tallow is ongoing.

2.35 It is anticipated that about £345 million will have been spent during the year on compensation to farmers and the disposal of carcasses under the OTMS.

2.36 Calf Processing Aid Scheme. Following the Comprehensive Spending Review, the Minister announced the Government's intention to close this scheme when the EU obligation to run it lapsed on 30 November. Subsequently he announced on 16 November that it would continue to operate for the remainder of the financial year at a reduced rate of aid which would reduce market distortions. The Minister further announced on 10 February that in view of the market circumstances the scheme would continue to operate until 31 July 1999 and that there would be no further extension. The purpose of the scheme is to give temporary assistance to producers faced with a sudden loss of markets for their calves following imposition of the beef export ban. Under the scheme male calves under 20 days of age have been slaughtered and destroyed so that they did not enter the food chain. Following a reduction in December 1998, the rate of payment was 80 Euro per calf, equivalent to about £57. These payments were fully EU reimbursable. During the year a total of 653,000 calves were slaughtered under the scheme, making a total of nearly 1.7 million since the scheme opened in April 1996.

(vii) Research

2.37 Government policy is based on scientific advice from SEAC and other expert research advisory committees in the UK. The MAFF allocation for research on BSE and related diseases has been increased to £12.8 million during 1998/1999. Key findings from the research programme to date include further determination of the pathogenesis of BSE in cattle; transmission studies involving oral exposure of pigs and sheep to BSE; epidemiological and experimental analyses indicating that BSE might be maternally transmitted in cattle; and an audit trail and risk assessment for bovine and ovine tissues going into the human food chain from the beginning of the BSE epidemic.

2.38 MAFF has invested in the support and maintenance of a library of tissues and body fluids from cattle challenged with BSE. This tissue bank will greatly aid in many areas of research, especially the development and evaluation of diagnostic tests. The UK is co-operating with the Commission who are carrying out trials to evaluate available tests for the detection of BSE in live animals. Research in progress in the UK includes BSE pathogenesis studies in cattle and sheep to identify the tissues that carry infectivity. Further transmission studies in cattle are in progress to determine the minimum infective dose and the effect of dose on incubation time.

2.39 Previous advice from SEAC highlighted the theoretical possibility that BSE might have been transmitted to sheep via contaminated feed. In light of concerns that BSE might be masked by scrapie within the national flock, the existing surveillance programme has been extended as described in paragraph 2.14 of this Chapter. In addition experiments are under way to determine which genotypes in certain breeds of sheep are susceptible to BSE infection and if the disease can be transmitted between animals.

2.40 Total Government spending on research on spongiform encephalopathies amounted to over £27 million during this year. The MAFF programme and priorities are closely co-ordinated with the programmes of other Departments and external funders through the TSE R&D Joint Funders Group currently chaired by the CMO, Professor Liam Donaldson. This is overseen by the High Level Committee on TSE research chaired by the Cabinet Secretary. Members of the funders group and the Ministry have also been closely involved in the development of the EU TSE research programme.

(viii) Parliamentary aspects

2.41 A report by the Comptroller and Auditor General, "BSE: The Cost of a Crisis", was published on 8 July 1998 (House of Commons Paper 853/97-98, ISBN 0102995982, obtainable from HMSO, price £13.75). In it, the National Audit Office examined how MAFF and IB had implemented the Over Thirty Month Scheme, the main features of the other BSE related schemes and a number of administrative matters. The report was considered by the Public Accounts Committee on 30 November 1998.

2.42 The European Parliament and the EU Commission held a joint conference to consider what lessons can be learned from the BSE crisis on 30 November to 1 December 1998. The conference discussed:

- a) scientific advice and research,
- b) consequences for agricultural and food policy,
- c) consequences for consumer protection, control and food safety, and
- d) implementation of the European Parliament's recommendations and measures for the future.

They concluded that the EU Commission is now collaborating satisfactorily with the European Parliament to combat BSE and that the epidemic is on the decline. However, Member States are still failing to co-operate fully and were criticised for obstruction. Legal action has been started against 13 of

the 15 Member States for violation of the Treaty in connection with failure to implement measures against BSE. Member States are still holding up urgent measures proposed by the Commission to eliminate specified risk materials.

(ix) Advice and Information

2.43 Ministers answered 396 Parliamentary Questions and 672 letters from Members of Parliament in the period from 1 April 1998 to 1 February 1999. Officials at Headquarters dealt with large volumes of correspondence from the public and Regional Service Centres responded to many local enquiries from farmers throughout the year. The BSE Internet site was extensively revised and enhanced, and has been attracting an average of nearly 7,000 readers recording over 150,000 hits per month since it was relaunched in July 1997. A new internet site on cattle tracing was launched in September, and has recorded 100,000 visits. The BSE Enforcement Bulletin continued to report the results of enforcement activity, including legal action, and developments on BSE. Over 12,000 copies are circulated each month. Copies can be obtained from Jill Wilson on 0171 238 6498 or viewed on the internet at:
<http://www.maff.gov.uk/animalh/bse/bse-publications/bse-publications-index.html>

Further information

2.44 Fuller details of the various measures taken can be found in the remaining chapters of this Report, including the details of new or additional scheme expenditure incurred. The programmes affected are:

		Page
PH:010	Bovine Spongiform Encephalopathy and Scrapie	67
PH:030	Veterinary Medicines	83
PH:060	Food Hygiene	93
EN:010	Environmentally Sensitive Areas	110
RC:010	Central Planning on the CAP	150
TM:050	Beef	170
TM:070	Pigmeat	178
TM:090	Milk and Milk Products	184
TM:110	Trade Policy and Tropical Foods	194
TM:120	Food Industry and Competitiveness	197
TM:180	Animal Disease Control	214
ES:010	Rural Economy	224
ES:020	Hill Livestock Compensatory Allowances	227
ES:030	Agricultural Resources	229

BSE: further progress

SA:010	Emergencies	264
DO:010	Audit	272
DO:020	Press and Information Services	274
DO:030	Legal Services	278
DO:050	Information Technology Services	292
DO:060	Financial Planning and Monitoring	295
DO:080	Management of Accommodation & Property Resources	305
DO:090	Ministers and Top Management	310
DO:100	Management of Human Resources	311
SP:010	Science Policy	323
EA:020	Veterinary Laboratories Agency	333
EA:040	Veterinary Medicines Directorate	339
EA:050	Meat Hygiene Service	343
Chapter 16	Intervention Board	353

**objective 1: to protect
public health in relation to
food and to animal diseases
transmissible to humans**

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Food Standards Agency

The protection of public health is a high priority for the Government, and is reflected in its clear and continuing commitment to establishing a Food Standards Agency as soon as possible. Creation of such an Agency is the central plank in the Government's plans to increase public confidence in the arrangements for handling food safety and standards. During 1998, consultation on the White Paper, "The Food Standards Agency: A Force for Change" demonstrated that there was widespread support for the creation of the Agency.

It is hoped that, should additional Parliamentary time become available for legislation in this session, a Bill to establish the Agency can be introduced in the 1998/99 session. In preparation for this, a draft Bill was published for public consultation on 27 January 1999, along with proposals for a levy scheme to recover the new costs associated with the Agency. This draft Bill will also be scrutinised by an ad hoc Select Committee of MPs before it is formally introduced.

The draft Bill implements the proposals set out in the White Paper. Its main provisions would establish the Food Standards Agency as a Crown body with the main aim of protecting public health in relation to food, and transfer either to the Secretary of State for Health or to the Agency certain responsibilities that are at present exercised by the Minister of Agriculture, Fisheries and Food in relation to food safety and standards. In addition, the Bill sets down the Agency's general functions and requires it to take account of certain factors in the way it exercises its functions (including risk, costs and benefits). It also gives it power to raise funds by means of a levy on the food industry, to carry out surveillance at any point in the food chain, and to set standards, monitor and audit enforcement of food law by local authorities.

The core functions of the new Agency will cover most of the work described in this Chapter, and which is currently carried out by the MAFF/DH Joint Food Safety and Standards Group. The Agency will take responsibility for work on the chemical, microbiological and radiological safety of food; food labelling and composition; control of meat production premises; aspects of work on animal feedingstuffs affecting food; and biotechnology issues affecting food (including relevant genetically modified organisms). It will also contribute to work in other areas that potentially affect food, including the approval of pesticides and veterinary medicines, and the dumping of waste. The Agency will also provide factual advice on diet and nutrition. The Agency will have powers to take action at any point in the food chain but will work in co-operation with other bodies, including MAFF, to avoid unnecessary duplication of work. The Agency will, however, be responsible overall to health Ministers.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Bovine Spongiform Encephalopathy (BSE) and Scrapie
Programme Code: PH:010

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	73,965	83,369	49,799	38,287	37,326
of which:					
a) Current					
i) Running Costs	32,257	34,947	33,653	32,316	31,740
ii) Scheme Costs (including R&D)	41,806	49,287	25,244	24,069	23,684
iii) Receipts	-201	-1,180	-9,201	-18,201	-18,201
b) Capital (net)	103	315	103	103	103
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	73,965	83,369	49,799	38,287	37,326

This was programme PP1:04 in the old programme structure.

Bovine Spongiform Encephalopathy (BSE)

3.1 An overview and summary of the activities related to BSE during the year is included in Chapter 2.

3.2 The objectives of this programme are:

- a) to control and if possible to eradicate BSE, and
- b) to ensure that material which may harbour the BSE agent is removed from the food chain and destroyed.

3.3 At the beginning of the financial year, MAFF pursued these objectives by the following established measures:

- a) compulsory slaughter with compensation for all cattle suspected of having BSE;
- b) banning the use of mammalian meat and bone meal in feed for all farmed livestock (including fish and horses) and banning the use

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

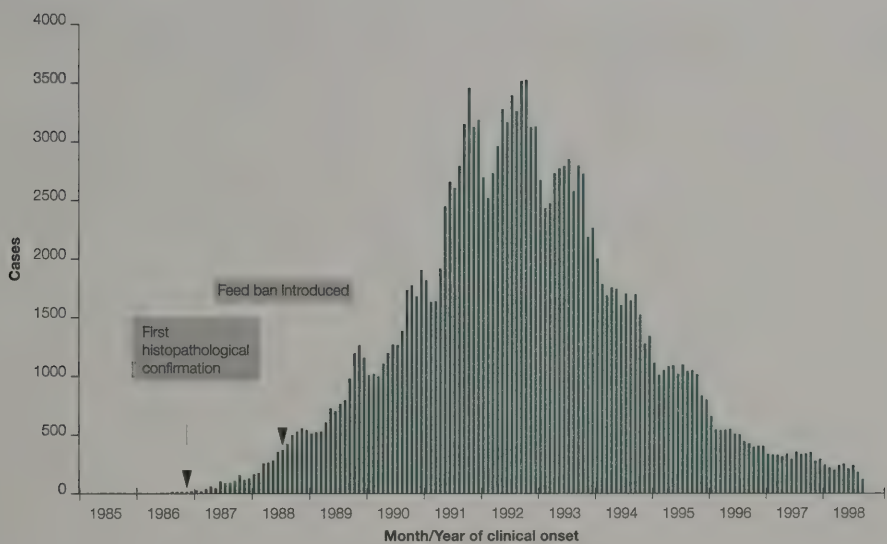
- of mammalian protein (apart from milk protein and certain other limited exceptions) in ruminant feed;
- c) banning the use for any purpose of specified risk material, i.e. those parts of cattle and sheep most likely to harbour BSE infectivity; and
- d) excluding meat and meat products from bovine animals over 30 months old from the human food chain.

3.4 Scheme costs include compensation for suspect animals slaughtered, payments for slaughter and disposal of carcasses. They also cover payments to the Meat Hygiene Service for operating controls in slaughterhouses and to the Veterinary Laboratory Agency (VLA) for work on the pathology and epidemiology of the disease. This programme includes provision for the costs of SRM enforcement measures, cattle tracing and MBM measures, but not OTMS and CPAS which are covered by programme TM:050 Beef. Expenditure on compensation payments following slaughter of BSE suspects continues to fall off in line with the decline in the epidemic.

3.5 The BSE epidemic peaked in the early months of 1993. It has declined at the rate of about 40% per annum up to and including 1997. During 1998 the decline in the epidemic still exceeded 20%; although this is less than was seen in previous years, the decline is continuing. We are reaching the tail of the epidemic when variations in rate of decline will become difficult to forecast because random effects begin to emerge. But the number of cases is still within the range predicted by scientists at Oxford University and at the Central Veterinary Laboratory, Weybridge. At present approximately 70 cases are being placed under restriction each week compared with over 1,000 at the peak of the epidemic.

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Figure 3.1: Confirmed cases of BSE plotted by month and year of clinical onset



Surveillance at feed mills and farms

3.6 The main measure to limit the epidemic of BSE in the cattle population is a ban on the inclusion of mammalian protein in ruminant feed. Additionally, in order to avoid cross contamination, mammalian meat and bone meal (MBM) has been prohibited from all farmed livestock feed.

3.7 To monitor compliance with the feed controls, the Government has put in place a feed sampling programme which fulfils the requirements of EU Commission Decision 95/287. The programme is conducted by the State Veterinary Service (SVS). Between February 1996 and July 1997, feed mills, farms using on farm mixers and any site where feed or ingredients for feed are produced or stored, were sampled. The sampling regime is weighted in accordance with throughput of the mills. On 1 August 1997 a new, larger feed sampling programme based on a comprehensive analysis of feed producing premises was launched. This covers more premises than the previous survey and will result in more samples being tested for prohibited material. On 1 August 1998 the latest sampling programme commenced; this is broadly speaking the same as the 1997 programme, although the lists of premises covered have been updated. Since February 1996, over 35,000 samples have been taken and 0.3% tested positive or inconclusive for the presence of mammalian protein. Investigations at 52 premises which had positive or inconclusive results have been completed. Two companies have been successfully prosecuted for breaching the feed controls.

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Removal of Specified Risk Material (SRM) from carcasses

3.8 The Meat Hygiene Service enforce the SRM rules in licensed slaughterhouses and licensed cutting plants. In all other premises the controls are enforced by local authorities.

3.9 The State Veterinary Service (SVS) carries out regular, unannounced independent audit visits to all premises which handle SRM to monitor the extent of compliance with the SRM controls and, in the case of slaughterhouses and licensed cutting plants, to monitor MHS enforcement. The results of these SVS audits show that in the year 1998 there was 99.5% compliance with the SRM rules. The few unsatisfactory findings relate mainly to inadequate separation of SRM from other animal by-products or from material fit for human consumption, storage, staining and record keeping. There have been no instances of bovine spinal cord attached to carcasses in GB licensed slaughterhouses since 1996.

The Over Thirty Month Rule and the Beef Assurance Scheme

3.10 The ban on the sale for human and animal consumption of meat from animals aged over 30 months came into force in March 1996. The Beef Assurance Scheme, launched in August 1996, allows meat from animals aged 30-42 months to be exempted from the 30 month rule and sold for food provided that their herds meet stringent conditions. Uptake has continued to be disappointing, with a total membership of only 83 herds containing 4,144 animals by 31 December 1998.

Selective Cull Programme

3.11 The scheme aims to accelerate the eradication of BSE through the slaughter of animals considered to be most at risk of infection. It targets groups of animals ('cohorts') born between 1 July 1989 and 30 June 1993 which are considered to have shared the same infected feed as confirmed BSE cases in the first 6 months of life. Those animals born in the three cohort years running from 15 October 1989 to 30 June 1993 are slaughtered compulsorily, while those born in the cohort year running from 1 July 1989 to 14 October 1990 are slaughtered only if the owner offers them voluntarily.

3.12 By the end of January 1999, with the exception of 2,000 animals, the work of tracing to their ultimate destination those Selective Cull animals where sufficient information was available to make this possible, had been completed. Of the 333,000 animals identified within the Selective Cull 252,000 were confirmed dead, of which 75,000 were slaughtered under the

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

cull, while it proved impossible to trace successfully 72,000. A further 7,000 were awaiting slaughter or were voluntary cohort animals which had not been offered up under the cull. For the 120,000 compulsory cohort animals, 17% (20,000 animals) proved to be untraceable, of which only around 4,000 or 20% are likely to be still alive.

Offspring Cull

3.13 The Commission's proposal for the Date Based Export Scheme (DBES) and the associated Offspring Cull was adopted by the Commission following the 25 November 1998 Agriculture Council allowing a compulsory Offspring Cull to commence on 4 January 1999. Prior to the statutory scheme, in August 1998, the slaughter of all offspring born on or after 1 August 1996 to confirmed BSE cases began on a voluntary basis. Over both the voluntary and compulsory phases of the cull, by 2 February 1999 over 8,000 offspring born to confirmed BSE cases had been identified. Nearly 3,300 had been found to be already dead, over 2,000 had been slaughtered under the cull and nearly 2,000 were awaiting slaughter.

Cattle passports

3.14 Cattle born or imported after 1 July 1996 which do not have a valid cattle passport cannot be accepted for slaughter for human consumption. The passport is surrendered to the competent authority on the death of the animal, when the computer record is updated. As at 31 December 1998, over 8.2 million animals had been registered on the database.

Cattle Tracing System

3.15 On 30 July 1997 the Food Safety Minister announced the Government's intention to introduce a computerised system to track all cattle movements in Great Britain – the Cattle Tracing System (CTS). The new system gives the United Kingdom one of the most advanced tracing systems in Europe. The system was launched on 28 September 1998. Further details about the introduction of the CTS in Great Britain can be found in Chapter 2.

3.16 The total start up costs for establishing the CTS were around £20 million.

3.17 The UK operates a dedicated inspection regime to enforce the Cattle Identification Regulations as required by the EU. We are required to inspect at least 10% of cattle holdings during the year and report to the Commission in the following July. Inspections include the physical examination of animals, validation of farm records and checks on used and unused eartags.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Scrapie

3.18 Scrapie was made a notifiable disease in January 1993. Listed below are the number of positive scrapie cases recorded since 1993. The number of cases for some years are greater than those published in previous Departmental Reports because of late reporting of positive cases.

Table 3.1: Number of positive Scrapie Cases

Year	1993	1994	1995	1996	1997	1998 (Provisional)
	328	235	254	459	508	445

3.19 SEAC has recognised there is probably a problem with under-reporting. It is likely that much of the increase in notifications since 1995 has been due to the encouragement of farmers by research workers to notify cases, which has had the effect of increasing the number of cases reported on certain project farms. Although this implies that non-project farms do not report every case, there is no evidence for this. The numbers of farms reporting confirmed cases has remained relatively constant throughout.

3.20 MAFF introduced a compulsory slaughter and compensation programme with effect from 29 July 1998, which reinforces the existing legal requirement on farmers to notify cases. There are extended legal powers to investigate outbreaks. The programme is expected to improve our knowledge of the incidence of disease and provide additional information and materials for epidemiological and pathological research. About 15 cases of scrapie are being reported each week, of which some 85% are eventually confirmed by laboratory examination.

3.21 Compensation for sheep or goats slaughtered compulsorily is based on the average price for cull ewes, calculated from an on-going national survey of recent sales. An additional payment may be made if scrapie cannot then be confirmed on laboratory examination of the carcass. This will reflect the true replacement value of the animal, although compensation will be limited to a total of £400. To claim an additional payment, the owner is required to provide documentary evidence of the animal's value.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Information

3.22 Information on BSE and scrapie is disseminated by the following means.

- a) The results of enforcement of BSE legislation, including SRM controls, the SVS survey of animal feedingstuffs and the results of the inspections of registered gelatin and tallow manufacturers are published monthly in the BSE Enforcement Bulletin.
- b) Monthly reports of enforcement action are provided to the EU Commission.
- c) A regular 6 monthly report is presented to Parliament.
- d) The BSE site on the Internet has been upgraded; information on scrapie is included in the BSE site.
- e) Publications on the public and animal health aspects of BSE are regularly updated.

In addition, 396 replies to Parliamentary Questions, 672 replies to correspondence from Members of Parliament and 1,802 replies to enquiries from the general public (including enquiries received by e-mail) have been prepared.

Use of External Consultancies on BSE and Scrapie Issues

3.23 PA Consulting, following a competition, were appointed to assist MAFF establish a computerised cattle tracing system. They took up the appointment in May 1997 and completed their contract in October 1998. Their work included:

- a) reviewing studies so far undertaken in cattle tracing, including the results of consultation and developments within the EU,
- b) assisting with the implementation of the CTS and getting BCMS operational from 28 September 1998,
- c) assisting in defining the role of the CTS service provider with particular regard to areas of risk transfer, procedures for recovering costs and accountability to Government and industry,
- d) assisting in the preparation of final system design for CTS,
- e) preparing financial models, detailed implementation charts and monitoring progress.

In addition, Cornwell Affiliates were employed to Quality Assure the work of the joint Government/PA project implementation team.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Research and Development

3.24 The expansion of the research programme into BSE and scrapie is reflected in an increased budget allocation in 1998/99.

3.25 An important research resource has been established this year by importing over 1,000 sheep of a number of breeds from New Zealand in order to establish a breeding flock of scrapie free sheep in the UK. Animals from the flock will be used as a source of scrapie free sheep for other BSE and scrapie research projects funded by MAFF and other funding bodies. This is essential in order that results of research on BSE can be properly interpreted. Stringent measures have been put in place to ensure that this breeding flock of sheep remains TSE-free.

3.26 It is considered likely that sheep in the national flock were exposed to BSE through contaminated meat and bone meal. There is no evidence at present that BSE is present in the national flock, but work is continuing to confirm that the disease is not present. Experiments are underway to determine which tissues may carry BSE infectivity and whether the disease could be transmitted naturally other than through animal feed. The genetic effects controlling susceptibility of sheep to BSE and scrapie are also under investigation.

3.27 A major experiment involving significant capital investment has been established to support experimental production of tissues and body fluids from cattle challenged with BSE. This bank of tissues will become an international resource available for use in a wide range of research – particularly in the development and validation of diagnostic tests. Further research is underway aimed at identifying loci across the bovine genome that may be linked with susceptibility to BSE. Other high priority work involves studies to investigate the use of transgenic mice lines with copies of bovine and ovine PrP genes to increase the sensitivity of diagnosis by bioassay. Future work includes jointly-funded research into the inactivation of TSEs and the persistence of TSE infectivity in the environment.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Zoonoses
Programme Code: PH:020

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	40,122	40,122	45,178	45,363	45,256
of which:					
a) Current					
i) Running Costs	16,109	16,109	16,806	16,826	16,954
ii) Scheme Costs (including R&D)	24,482	24,482	28,841	29,006	28,771
iii) Receipts	-572	-572	-572	-572	-572
b) Capital (net)	103	103	103	103	103
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts ⁹	0	0	0	0	0
Programme Total	40,122	40,122	45,178	45,363	45,256

This was programme PP2:01 in the old programme structure.

- 3.28** The main objectives of this programme are to protect public health through:
- a) maintaining the Official Tuberculosis and Brucellosis Free status of British cattle herds and sheep and horses (and Official Brucellosis Free status of goats)
 - b) preventing the introduction of rabies, and
 - c) reducing where possible the incidence of other zoonotic infections in livestock and, in particular monitoring and reducing the incidence of salmonella.

Bovine Tuberculosis (TB)

3.29 The incidence of TB in cattle continues to rise. The historic areas of persistent high incidence of TB are the south west of England, East Sussex and west Wales. In recent years the incidence of TB has increased in other areas, notably Wiltshire, Herefordshire, the Staffordshire/Shropshire border, the Staffordshire/Derbyshire border and Monmouthshire. Figures currently

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

available indicate that, during 1998, the number of new confirmed TB incidents across the whole of GB increased by at least 46% over 1997. Once final laboratory tests are available, this may increase by around a further 10%.

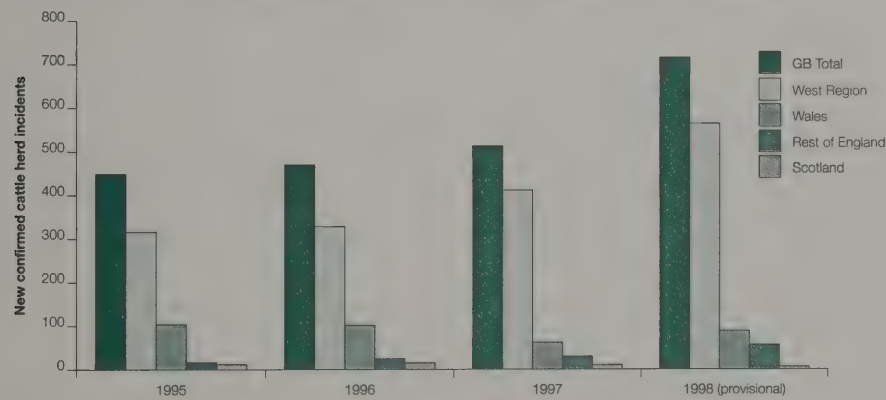
Distribution of Herds with Reactors to the Tuberculin test in 1998



objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Table 3.2: Tuberculosis – new confirmed cattle herd incidents				
	1995	1996	1997	1998 provisional
GB Total	449	471	515	720
West Region	316	329	413	568
Wales	104	102	62	89
Rest of England	17	25	30	57
Scotland	12	15	10	6

Figure 3.2: GB cattle herds – new confirmed TB incidents



1998 figures are provisional and may change once final laboratory results are available.

3.30 Following the government's acceptance in December 1997 of the recommendations in the Krebs report, enhanced liaison on TB in humans was established with the Department of Health, and the TB research programme was reviewed and improved. On 20 April a document was published setting out the requirements for research starting in April 1999, and inviting tenders. 34 bids were received and 18 contracts were being negotiated at the end of 1998. The major thrust of the new programme is to increase understanding of TB transmission and to develop a vaccine against TB.

3.31 In February 1998 the Government established an Independent Scientific Group chaired by Professor John Bourne to advise Ministers on the implementation of the Krebs report. Its first report, published on 17 August, confirmed Krebs' conclusion that the sum of evidence strongly supports the view that badgers are a significant source of cattle in TB, and provided the design of the randomised trial, recommended in the Krebs report, which

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

would determine the circumstances in which culling badgers was a cost effective approach to TB control and yield data for further analysis.

3.32 The trial will be restricted to 30 areas of approximately 100km² where TB incidence has historically been high. The areas are to be grouped into 10 sets of 3 areas (triplets), with each area within a triplet being subject to a different randomly allocated treatment. The treatments are proactive, where all badgers will be removed; reactive, where badgers are removed from farms with a TB outbreak and from neighbouring social groups in the area; and survey only where the land is surveyed for badger activity and no badgers are removed. Visiting and surveying began in the first six areas in August 1998; the remaining 24 areas will be phased in over the next 2 years. The first culling took place in November 1998.

Compensation

3.33 On 26 August 1998 new rules were introduced increasing compensation for animals compulsorily slaughtered after reacting positively to a TB skin test. Compensation has been increased from 75% to an unlimited 100% of the market value of an animal, as part of the package of measures to tackle the spread of TB in cattle.

Changes to EU legislation

3.34 Council Directive 98/46, which amends Directive 64/432 and will come into force on 1 July 1999, was agreed during the UK Presidency. This amends the testing arrangements for tuberculosis and brucellosis, and also for enzootic bovine leukosis (see programme TM:180). The testing and surveillance arrangements for tuberculosis and brucellosis will be reviewed, both to implement Council Directive 98/46 and to reflect the increasing incidence of TB.

Brucellosis

3.35 There were no confirmed cases of brucellosis in 1998.

Rabies

3.36 The UK continued to remain free of rabies in 1998.

3.37 The report of the Advisory Group on Quarantine was published on 23 September 1998. The Group had looked at the risks associated with the current policy of quarantine for imported animals, and with a number of

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

possible alternative policies. The main recommendation in the report was that cats and dogs should be allowed to travel into the UK from other EU Member States and specified rabies-free countries, without having to be quarantined as long as the animals had been protected against rabies by vaccination, were identified by micro-chips, blood tested and carried appropriate certificates to prove this. The report recommended that a sufficiently long period of up to three years should be allowed for the introduction of the new system so that it can be implemented effectively. The Government is sympathetic to change along the lines recommended in the report but wanted to hear views from the public and interested organisations before deciding on a specific way forward. It therefore carried out a full public consultation following the publication of the report and set a deadline for comments of 31 December 1998.

3.38 The current policy of quarantine requires all pet animals imported from outside the British Isles to spend six months isolation in approved quarantine premises at the owner's expense. The current quarantine rules will continue to apply and will be enforced. This will remain the case until the law is changed.

3.39 During 1998 the Government supported the passage of the Animal Health (Amendment) Act through Parliament. The Act came into force on 21 July 1998 and gives Ministers powers to set statutory standards for welfare in quarantine. The Agriculture Departments will consult the public and organisations with an interest in welfare in quarantine in 1999 before introducing the statutory standards.

Table 3.3: Outbreaks ¹ in Great Britain, 1992-1998							
Year	1992	1993	1994	1995	1996	1997	1998 (est.)
TB	155	277	362	449	471	515	721
Brucellosis	0	12	0	0	0	0	0
Rabies	0	0	0	0	1 ³	0	0

1 An "outbreak" of TB or brucellosis relates to the confirmation of disease in a herd and may involve more than one animal. Figures relate only to outbreaks in cattle.
2 Incorrectly listed against 1992 in the 1997 Report.
3 One case of European Bat Lyssavirus

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Salmonella

3.40 Salmonella scheme costs in Great Britain comprise mainly compensation payments for compulsorily slaughtered poultry, the costs of collecting and testing official samples and payments to VLA and ADAS. Receipts result mainly from charges for the collection and testing of official samples from poultry breeding flocks/hatcheries and authorising laboratories to undertake private testing. The incidence of other non-notifiable zoonotic diseases in animals is also monitored.

3.41 The number of recorded incidents of *Salmonella typhimurium* in cattle, sheep and poultry, has again fallen during 1998 and *Salmonella enteritidis* incidents in livestock have shown a small decrease.

3.42 Work has continued on outbreaks of human disease thought to be associated with farm livestock or animal products in particular following incidents of human *E. coli* 0157 infection. New Codes of Practice in the control and prevention of salmonella series covering cattle and pigs are still in preparation.

3.43 The main EU legislation on salmonella in livestock (the Zoonoses Directive) was due to be amended by 1 June 1998, but the Commission has still not issued any proposals.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Table 3.4: Reported incidents in Great Britain of salmonella								
(a) Reported incidents in Great Britain of salmonella in farm animals 1991-98								
Calendar Year	1991	1992	1993	1994	1995	1996	1997	1998
Cattle & Calves	1,051	940	1,465	1,899	2,052	1,698	1,469	974
Sheep	176	106	106	188	211	237	228	182
Pigs	232	261	346	360	353	379	349	266
Fowl	1,803	1,447	1,295	744	841	918	1086	913
Turkeys	709	441	327	401	277	231	228	163
Ducks & Geese	361	453	357	133	102	102	126	91
(b) Reported isolations in Great Britain of salmonella in feedingstuffs 1991-98								
Calendar Year	1991	1992	1993	1994	1995	1996	1997	1998
Finished feed	599	545	706	904	809	723	550	234
Animal Protein	238	161	133	256	203	122	99	44
Vegetable protein	1,126	897	834	936	752	646	614	350
Miscellaneous	10	138	354	234	206	213	159	111
(c) Poultry breeding flocks infected with Salmonella enteritidis or Salmonella typhimurium 1995-98								
Calendar Year	Salmonella enteritidis				Salmonella typhimurium			
	1995	1996	1997	1998	1995	1996	1997	1998
Layer breeders	1	2	0	1	0	1	0	1
Broiler breeders	14	3	9	12	2	1	0	2
Total	15	5	9	13	2	2	0	3

Anthrax

3.44 There were no outbreaks of anthrax in livestock in Great Britain during 1998.

Table 3.5: Number of outbreaks of anthrax in Great Britain 1991-98								
Calendar Year	1991	1992	1993	1994	1995	1996	1997	1998
	2	2	2	3	1	3	1	0

Research and Development

3.45 This year saw the launch of the first edition of the MAFF Animal Health Research Requirements 1999/2000 document which defined research

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

funding, to be put to open competition, for the areas of tuberculosis and zoonoses. An extended programme of TB research, responding to the recommendations of the 1998 Krebs Report on Bovine Tuberculosis in Cattle and Badgers, has been given high priority backing by Ministers. The TB research programme will be directed towards better understanding of the factors that affect herd breakdown and evaluating the effectiveness of currently available strategies to reduce herd breakdown. In addition, the research programme will expand to include the development of a vaccine against *M. bovis* in cattle.

3.46 The emergence of *E. coli* O157:H7, as a food pathogen, has resulted in increased emphasis on the food-borne zoonoses research programme directed at further reducing the exposure of the human food chain to zoonotic infections from animals presented for slaughter. New research to examine the patterns of excretion of *E. coli* O157:H7 in the faeces of cattle is currently being negotiated. This should produce a better understanding of the distribution of infection in cattle and the factors affecting its excretion and enable the development of improved control measures.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Veterinary Medicines
Programme Code PH:030

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	4,467	4,467	4,447	4,446	4,449
of which:					
a) Current					
i) Running Costs	210	210	217	216	219
ii) Scheme Costs (including R&D)	4,399	4,399	4,372	4,372	4,372
iii) Receipts	-142	-142	-142	-142	-142
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	4,467	4,467	4,447	4,446	4,449

This was programme PP1:05 in the old programme structure. This programme also contributes to objective 8. Expenditure under this programme covers policy and some surveillance activities. Authorisation and other residues surveillance work is covered under programme EA:040 (Veterinary Medicines Directorate).

- 3.47** The objectives of this programme are:
- a) to offer assurance on the safety, quality and efficacy of veterinary medicines in order to safeguard public health, animal health and the environment, and
 - b) to promote animal welfare through the availability of authorised veterinary medicines.

3.48 The licensing authority for veterinary medicines consists of the Agriculture and Health Ministers. The Veterinary Medicines Directorate (VMD) an Executive Agency of MAFF acts as the executive arm of the licensing authority and programme PH:030 provides for payments to the VMD for policy work on veterinary medicines. This includes advice to Ministers on all issues relating to the authorisation and use of veterinary medicines and developing and maintaining UK and EU legislative requirements. The

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

programme also includes a non-statutory surveillance programme for residues of veterinary medicines in food products.

3.49 The VMD is also responsible for the authorisation of veterinary medicines and post-authorisation surveillance in the form of monitoring suspected adverse reactions and a statutory surveillance programme for residues and other contaminants, the costs of which are recovered from fees and charges paid by the respective industries. (See programme EA:040 in Chapter 15).

3.50 The licensing authority is advised by the independent Veterinary Products Committee (VPC) and advice was offered in January 1998 on the safety of non-organophosphorus (OP) sheep dips which the Government accepted. As a result, controls through the Certificate of Competence Scheme on the purchase of OP sheep dips were extended to non-OP sheep dips with effect from 31 December 1998. The VPC also offered advice on antimicrobial resistance in animal production to inform the Government's response to recommendations made by the sub-committee of the Select Committee on Science and Technology of the House of Lords which covered all aspects of antimicrobial resistance. Advice was also received from the Advisory Committee on the Microbiological Safety of Food (ACMSF). As well as advice on responsible use of antibiotics the Committees advised that antibiotic growth promoters which may impair the efficacy of antibiotics used as human medicines through the development of resistant strains of organisms should be phased out. Members of the VPC and ACMSF and staff of VMD participated in international conferences on the subject organised by the World Health Organisation and by Sweden and Denmark.

3.51 A major package of regulations implementing EU Directives which control the use of zootechnical feed additives and the incorporation and use of veterinary medicines in medicinal feedingstuffs entered into force on 6 May 1998. An amendment which prohibited the "personal" import of veterinary medicines not authorised in the United Kingdom which implemented a judgement of the ECJ was brought in on 1 February 1998. The change in law was part of a wider process to improve controls on the import and use of veterinary medicinal products not authorised in the United Kingdom.

3.52 The results of surveillance programmes for residues of veterinary medicines carried out in 1997 were reported quarterly in the Medicines Act Veterinary Information Service (MAVIS) and in the Annual Report on

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Surveillance for Veterinary Residues in 1997 (both available from VMD – see programme EA:040 in Chapter 15). Following the extension of statutory surveillance to additional food products of animal origin on 1 January 1998, the non-statutory surveillance programme incorporated increased testing of baby food and other processed foods. Results continue to be reported in MAVIS and the Annual Report covering both statutory and non-statutory surveillance programmes is likely to be published in July 1999.

3.53 Senior staff represented the VMD on the Official Group on Organophosphates which reported to Ministers in June 1998. The VMD contributed to the production of a revised leaflet “Sheep Dipping” (AS29 rev2) which emphasises the need to use and dispose of dips safely. The leaflet was launched by Ministers on 12 March 1998. The leaflet was launched by Ministers on 12 March 1998.

Research and Development

3.54 The principal objective of the R&D programme is the development of new “in-vitro” methodologies for the testing of viral, bacterial and immunological products for animals. The programme also involves the development of faster and more cost-effective residue testing methods for the analysis of residues and testing for banned veterinary drugs; the assessment of the risks to those using or coming into contact with veterinary drugs; and the development and improvement of methods of analysis for medicinal feed additives in animal feeds. In future the programme will consider the impact of veterinary medicines on the environment and the development of resistance to anthelmintics and antibiotics.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Pesticides Safety
Programme Code: PH:040

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	13,213	13,213	13,152	13,158	13,154
of which:					
a) Current					
i) Running Costs	251	251	256	262	258
ii) Scheme Costs (including R&D)	12,960	12,960	12,894	12,894	12,894
iii) Receipts	0	0	0	0	0
b) Capital (net)	2	2	2	2	2
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	13,213	13,213	13,152	13,158	13,154

This was programme PP1:06 in the old programme structure. This programme also contributes to objective 2.

3.55 The policy objectives for this programme encompass the protection of both human health and the environment. They are:

- a) to ensure that pesticides are approved only when they can be used safely as regards human health and the environment; and
- b) to ensure that the amount of pesticides used is the minimum necessary for the effective control of pests, compatible with the protection of human health and the environment.

3.56 MAFF has the lead role in respect of the regulation of agricultural pesticides in Great Britain. The Department of Health, the Department of the Environment, Transport and the Regions (including the Health and Safety Executive), the Scottish Office and the Welsh Office also have significant responsibilities in this area.

3.57 Government policy is implemented through the rigorous evaluation of new and existing pesticides, and through comprehensive monitoring of residues, usage and wildlife incidents. In these matters the Government is

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

advised by the independent Advisory Committee on Pesticides. Government policy on pesticide use is developed in consultation with the Pesticides Forum, a body which comprises representatives from consumer, environmental, agrochemical and agricultural interests.

3.58 MAFF makes payments to the Pesticides Safety Directorate (PSD) for commissioned policy work. This work includes: the provision of advice to Ministers; representing the UK on pesticides matters in Europe and internationally; developing legislation and certain monitoring and review work. A key area of work extending through the planning period will be the completion of a comprehensive and rigorous review of the approved uses of anticholinesterase pesticides (organophosphorus and carbamate compounds).

3.59 The Government is continuing to press for an amendment to EU law to enable industry to be charged for future reviews of existing pesticides under the EU regime to ensure that there is a firm long-term basis for this work. Other work is covered under the PSD Agency programme EA:030 in Chapter 15.

3.60 The Pesticides Act 1998 came into force on 9 September 1998. This will enable Ministers to provide the public with access to comprehensive information on all pesticides. PSD consulted all interested parties on the introduction of regulations to implement the changes introduced by the Act.

Research and Development

3.61 The programme covers research that is used to ensure that pesticide regulation is soundly and scientifically based and to develop strategies that will encourage minimisation of pesticide use. Research projects underpin the full range of risk assessments carried out by PSD in support of food and environmental safety. Research seeks to improve the understanding of human, environmental and wildlife exposure to pesticides and the potential effects of that exposure. Key current and developing issues include direct and indirect effects of pesticides on non-target species (particularly birds) and the movement and effect of pesticides in key environmental systems e.g. leaching through soil, atmospheric deposition and effects on aquatic ecosystems. Other projects are investigating alternatives to the use of conventional chemical pesticides, development of strategies to control resistance and work on the impact and reduction of pesticide spray drift. Work on pesticide minimisation is contributing to integrated farming

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

initiatives and biological control. PSD jointly funds work under the SAPPJO LINK programme in this area with industry.

Food Safety
Programme Code: PH:050

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	12,384	12,384	12,502	12,785	12,727
of which:					
a) Current					
i) Running Costs	3,868	3,868	4,036	4,375	4,373
ii) Scheme Costs (including R&D)	8,519	8,519	8,469	8,413	8,357
iii) Receipts	-21	-21	-21	-21	-21
b) Capital (net)	18	18	18	18	18
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	12,384	12,384	12,502	12,785	12,727

This was programme PP1:01 in the old programme structure.

3.62 The objective of this programme is to protect the public by ensuring that food sold in the UK is safe for human consumption. MAFF has in place a system for identifying risks associated with food safety, comprising food surveys, investigations and research projects. Both in-house and independent experts provide assessments of risk and action is taken on the best scientific advice available.

Food Surveys

3.63 MAFF conducts food chemical surveys on a wide range of areas affecting food safety including contaminants, food additives and food contact materials. In 1998, 28 were completed with no serious risk to food safety being found. However, a small number required action following unsatisfactory results e.g. a survey for the mycotoxin, patulin, in apple juice

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

found levels above the advisory level recommended by the Food Advisory Committee in some samples of directly-produced (freshly pressed) apple juice. Industry and consumers were immediately informed of the results and relevant local authorities discussed improvements to production practices with the manufacturers in order to ensure that patulin levels are kept to a minimum. A list of all on-going surveys is now publicly available on the MAFF Website and in printed form.

Reporting Survey Results

3.64 MAFF has continued to improve the procedures for reporting survey results. This has included providing more details of the surveys and releasing the brand names of samples analysed in line with the policy announced last year. These important changes have improved the openness and information to consumers about food safety and food quality matters. Since the policy on brand names was introduced in July 1997, up to the end of December 1998, 51 surveys have been reported by the Joint Food Safety and Standards Group. Many of these surveys were in progress prior to the new policy announcement but none withheld brand names on the basis that they had not been planned with the new policy in mind. In the present year (1998-99), 63 surveys are underway or currently planned and 32 have been completed and reported. Internal procedures have been developed to ensure maximum fairness and consistency when undertaking surveys and reporting results. On 6 and 27 April 1998 the Minister for Food Safety announced that MAFF was extending the policy for the release of brand names when reporting the results of food chemical surveillance to cover veterinary drug and pesticide residues respectively and MAFF is still considering how to extend the new arrangements to surveys covering the microbiological safety of food. The procedures were reviewed by the Food Advisory Committee in September and made publicly available in January 1999.

Independent Advisory Committees

3.65 MAFF relies on advisory committees of independent experts to provide external advice on food safety matters. In some areas, MAFF has joint responsibility with the Department of Health (DH) and details are set out in Annex 15. Significant progress has been made on making the advisory committees' work more accessible: for example, the Food Advisory Committee held its first open conference on 23 October 1998 and the Advisory Committee on Novel Foods and Processes held two open meetings in 1998. Work on opening up the advisory committees will continue in 1999.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

The Single Market Programme

3.66 Although most categories of food additive are controlled by EU legislation, EU legislation on flavourings currently exists only in framework form and individual flavourings are regulated only at the level of individual Member States. Work is underway which will lead to the introduction of a harmonised EU list of permitted substances in the year 2004. As a first stage in this process, a register of flavourings in current use was adopted on 17 December 1998. Proposals to amend the existing EU controls on miscellaneous additives will be considered during 1999, as will amendments to the framework legislation on flavourings. Agreement was reached on detailed rules for the labelling of genetically modified soya and maize and an EU Regulation brought into effect on 1 September.

3.67 A review by the European Commission of the Commission Regulation setting limits for nitrate in lettuce and spinach began in 1998. However, monitoring programmes by the UK and other Member States in 1996 and 1997 showed that growers following the existing codes of good agricultural practice were probably unable to control nitrate levels in lettuce and spinach to meet the limits set by the Regulation. As a result, the Commission has proposed to extend the review period for three years to enable more data to be gathered on nitrate levels and the effectiveness of good agricultural practice. Confirmation of the extended review period is expected in early 1999. In the meantime, the present provisions, including the optional derogation exempting crops grown for the domestic market, will continue to apply. The UK will continue to apply the optional derogation provided that the conditions specified by the Regulation (i.e. growers follow good agricultural practice and nitrate levels in lettuce and spinach are not a risk to public health) are met. MAFF will continue to monitor nitrate levels in vegetables both to provide information to the Commission and to check that dietary exposures are not a risk to health. No meetings have been held to discuss the EU Commission proposal setting limits for lead and cadmium.

3.68 A Commission Regulation (No. 1525/98) setting maximum limits for aflatoxins in certain foodstuffs together with an accompanying Directive (98/53) which lays down methods of sampling and analysis were agreed in 1998. This legislation harmonises the control of this contaminant across the EU to improve consumer protection.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Local Authorities

3.69 Under the Food Safety Act 1990, local authorities inspect food businesses to check compliance with food law and follow up complaints. They may issue improvement notices requiring remedial work, or close businesses forthwith, to avoid an imminent risk to public health. MAFF and DH (and their equivalents in Scotland, Wales and Northern Ireland) monitor local authority inspection programmes. MAFF leads on food standards, chemical contamination, composition and labelling. Inspection routines are designed to concentrate effort on the areas of greatest risk. Table 3.6 summarises enforcement activity under this programme and PH:080. Microbiological work associated with this programme has been combined with that on milk hygiene and meat hygiene to form a fully integrated Food Hygiene programme PH:060.

Table 3.6: UK food safety and hygiene inspections

Year	1993	1994	1995	1996	1997
No. of UK visits/inspections*	869,000	859,000	829,000	827,000	787,000
Proportion of visits/inspections not requiring a follow-up visit	81%	80%	80%	80%	80%

* Inspection under both a planned programme and in response to complaints; establishments can be visited more than once a year.

Research and Development

3.70 Research is directed towards the identification and evaluation of potential risks and reduction of the risks to consumers from contaminants and natural constituents in foods. Bioavailability, movement through the food chain, effects of processing and digestion and improved analytical procedures are all included in the core programme. Work investigating the safety of novel foods and food intolerance, along with risk assessment which underpins a number of related programmes, is also included. Traditional approaches to risk assessment have limitations which are particularly apparent when considering the risk associated with consumption of a natural toxicant in food. Novel approaches are required, and a new programme is being set up to establish the feasibility of a 'whole food' approach to risk assessment based on receptor mediated responses.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Genetically Modified Organisms

Genes control the characteristics of an organism and are passed on from generation to generation. This has allowed useful qualities in plants and animals to be developed by selection and breeding. Traditional methods are slow but recent advances in molecular biology have brought about more rapid change: individual genes have been identified and now can be transferred between organisms of different species using genetic modification technology.

Foods produced using genetically modified (GM) crops and micro-organisms are already available in Europe and the USA. These include products from herbicide tolerant soya, insect resistant maize and tomatoes with improved processing characteristics which have been grown in the USA and imported into the EU. Most of the approximately 30M ha of GM crops currently being grown world-wide have been modified for agronomic characteristics, such as herbicide tolerance and insect resistance, with the intention of reducing agrochemical use. In 1998, an insect resistant maize was the first commercial GM crop to be planted in the EU and has been grown on 2000 ha in France. Although no GM crops suitable for cultivation in the UK have received the necessary EU clearances, UK industry sectors are already considering guidelines for the commercial production of GM crops.

Legislative controls

Robust legislative controls on GM organisms (GMOs) have been introduced to protect human health and the environment, to reassure people that effective protection is in place and to inform them about GMOs present in the food and feed chains. These controls include the EU Regulation on Novel Foods and Novel Food Ingredients 258/97 (Novel Foods Regulation) and UK regulations implementing EU Directives 90/220 on the Deliberate Release into the Environment of Genetically Modified Organisms (Deliberate Release Directive). Under these Regulations no GM crops or foods can be sold in Europe until they have been rigorously assessed for safety and EU wide approval has been issued. In addition, EU Regulation 1139/98, which came into effect on 1 September 1998, requires labelling for food products from GM soya or maize containing genetic material. Highly processed foods, such as refined oil, which do not contain genetic material or protein and which are indistinguishable from non-GM products, do not require labelling. EU Regulation 1139/98 is expected to set a precedent for the labelling of GM foods approved under the Novel Foods Regulation in future.

Openness and public consultation

Government initiatives have been aimed at making the work of advisory committees, such as the Advisory Committee on Novel Foods and Processes, more open. These include public meetings and the release of information, such as agendas and minutes, through the Internet.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

The public’s attitude to the biosciences, including biotechnology, are to be explored through a consultation sponsored by the Office of Science and Technology. This will gauge people’s awareness of technological advances and the way in which these are controlled, their views of the control systems and the provision and flow of associated information. The results of the consultation, which is likely to involve over 1000 people, will inform government policy on GMOs in all Departments, including MAFF.

Food Hygiene
Programme Code PH:060

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	7,700	7,700	9,113	9,293	9,269
of which:					
a) Current					
i) Running Costs	2,620	2,620	2,733	2,945	2,954
ii) Scheme Costs (including R&D)	6,366	6,366	7,666	7,634	7,601
iii) Receipts	-1,299	-1,299	-1,299	-1,299	-1,299
b) Capital (net)	13	13	13	13	13
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	7,700	7,700	9,113	9,293	9,269

This was programme PP1:02 in the old programme structure.
Expenditure under this programme includes policy, licensing, and export certification activities. Meat hygiene inspections are covered under programme EA:050 (Meat Hygiene Service).

3.71 The objective of this programme is to protect the public in relation to food by promoting food hygiene. EU and UK legislation underpins this objective. In addition remedial action is taken when incidents occur, and MAFF supports R&D and surveillance programmes, and the development of a publicity strategy on food hygiene. In addition, the Government receives advice from the Advisory Committee on the Microbiological Safety of Food (ACMSF).

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Meat Hygiene

3.72 The objective of this element of the programme is to protect public health by ensuring that meat produced in the UK for human consumption commands the confidence of consumers, is wholesome, is produced under hygienic conditions in accordance with statutory requirements, and ensuring that EU legislation takes account of UK interests.

3.73 EU legislation provides the framework for hygiene requirements for meat. In Great Britain, Agriculture Ministers, advised by the State Veterinary Service (SVS) and the Veterinary Public Health Unit (VPHU), license premises. The Meat Hygiene Service (MHS), an Executive Agency of MAFF, is responsible for enforcing hygiene inspection and welfare at slaughter requirements in licensed premises. The MHS recovers its meat hygiene enforcement costs from industry. (Further information on the MHS can be found under the programme entry for EA:050 in Chapter 15).

3.74 Scheme costs relate to advice and consultancy from ADAS on clean livestock projects, and certain non-chargeable costs of the MHS. It also includes the costs of the Meat Hygiene Appeals Tribunal which considers appeals against Ministers' decisions to refuse or revoke premises' licences.

Licensing of fresh meat premises

3.75 Licensing activity is summarised in Table 3.7. Red meat premises which had temporary derogations for structural work had to comply by the end of 1995, unless they had been granted an extension. All premises have completed their structural work with the exception of Smithfield Meat Market in London. Ministers granted a further extension until the end of December 1998 because of delays with the planned refurbishment which were outside the Market Authority's control. Meat Hygiene Division I is responsible for the issue and revocation of licences. Lists of licensed fresh meat premises are updated on a monthly basis and are available from the Division (Telephone: 0171 238 6496).

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Table 3.7: Licensing of fresh meat premises				
	Licensed at end 1997	Licences granted during 1998	Licences revoked during 1998	Licensed at end 1998
Red meat*	1,001	42	75	968
of which, temporary derogations	4	–	–	1
White meat	226	27	15	238
Wild game	17	3	1	19

* Includes premises also licensed for white meat

The Meat Hygiene Appeals Tribunal

3.76 The Tribunal carried over 1 case into 1998 and received a further 5 cases during the year. 2 cases were heard and the Minister’s decision was upheld in both of them. 2 appeals were withdrawn prior to being heard and 2 cases were still outstanding. Future workloads will depend on the number of licences revoked by the Minister.

Legislation

3.77 The Fresh Meat (Hygiene and Inspection) (Charges) Regulations 1998 came into force on 28 September, replacing previous charges legislation. The Regulations implement a number of amendments to EU rules on the charges to be made for meat hygiene and animal welfare at slaughter inspections carried out in Great Britain by the Meat Hygiene Service in licensed premises involved with the production of fresh red meat, poultry meat and game meat.

Government/Industry Working Group on Meat Hygiene

3.78 The joint Government/Industry Working Group, set up in March 1997, co-ordinates the drive towards consistently high standards of hygiene in abattoirs. A number of recommendations in Forward Programmes for the Red Meat and Poultry Industries were published and are available free of charge from MAFF Publications (details of how to obtain these publications are contained in the Bibliography). Two meetings of the Working Group were held in 1998 to review the progress made on the recommendations since they were first published in September 1997. Progress Reports were subsequently issued in July and November, and are available free of charge from MAFF’s Meat Hygiene Division I (Telephone 0171 238 6032). Major areas of progress reported, in which MAFF played an important role,

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

included the launch by the Meat Training Council on 25 November 1998 of a new training package for meat plant employees, the Basic Meat Safety Certificate, and initial work by the Meat and Livestock Commission on the development of a Hazard Analysis and Critical Control Point (HACCP) implementation document for use in slaughterhouses.

Clean Livestock Policy

3.79 The profile of the Meat Hygiene Service Clean Livestock Policy, which lays down guidelines on the standards of cleanliness required for livestock presented for slaughter for human consumption, was raised throughout the year in a number of ways. These include the production of a leaflet summarising the ways in which each sector of the industry can contribute to the production of clean livestock, which was distributed in January 1998 to all cattle and sheep producers, promotion at various industry workshops and the presence of a MHS/MAFF clean livestock exhibit at a number of major agricultural shows. Two new guidance booklets aimed specifically at helping cattle and sheep farmers to produce clean animals were published by MAFF on 30 November and are available free of charge from MAFF Publications.

Meat Hygiene Enforcement Report

3.80 This continued to be published monthly through the year. It provides details of enforcement action taken by the MHS, prosecutions taken for breaches of hygiene legislation and news of developments in improving meat hygiene standards. This includes publication of Banded Hygiene Assessment System scores for UK slaughterhouses and cutting plants: individual plant scores have been published in a separate supplement since January 1998. Copies are circulated widely in the UK and overseas, and are available on the MAFF Website.

Milk Hygiene

3.81 The objective of this element of the programme is to protect public health by the operation and enforcement of dairy hygiene legislation.

3.82 In addition to local authority inspections at dairy establishments, at farm level, milk production holdings are periodically inspected by the Farming and Rural Conservation Agency (FRCA) on behalf of Agriculture Ministers in England and Wales to monitor compliance with the standards of hygiene under which milk from cows, sheep, goats and buffaloes is produced for human consumption. All milk production holdings in England and Wales must be registered and are subject to inspection. In addition, untreated

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

cows' milk for sale direct to consumers is subject to regular microbiological testing.

3.83 Production holding hygiene inspection visits take place on average once every 2-2½ years although producers with particularly high standards of hygiene are only visited every 3-4 years. Following Ministers' announcement of the outcome of the policy review of raw cows' drinking milk, producers of raw cows' drinking milk are inspected annually. Samples are normally taken from these producers four times a year. Producers who fail to meet the statutory hygiene standards can ultimately be issued with a final notice cancelling their farm registration. MAFF seeks to recover the costs of the inspection and sampling programme by levying charges on producers. There are currently exemptions from charging for pre-registration visits to dairy farmers, and farm caterers are not charged for official microbiological sample testing.

Table 3.8: The Milk Hygiene Programme in England and Wales			
Year	1996-97	1997-98	1998-99
		Actual	Estimate
Number of registered producers	26,058	24,725	24,000
Number of untreated milk producers	637	562	500
Number of inspection/sampling visits:			
Chargeable	15,320	15,593	13,369
Non-chargeable	900	845	741
% of registered producers receiving routine inspections	43%	48%	46%
Results:			
Number of final notices	73	51	60
Proportion of establishments served with final notices	0.26%	0.2%	0.25%
Cost recovery	94%	96.3%	95%

3.84 The outcome of the policy review of raw cows' drinking milk was jointly announced by the Minister and the Secretary of State for Wales on 20 January 1999.

3.85 In addition to increased inspection and sample testing frequency, the following measures are planned to be introduced as soon as possible by amending the relevant regulations, following public consultation. Official microbiological sample testing will monitor compliance with the general

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

requirement that raw cows' drinking milk must be free of pathogenic micro-organisms and their toxins at harmful levels. On-farm caterers will no longer be exempted from the charges for microbiological sample testing, and the full cost of these tests will be recovered. In order to increase consumer awareness of the risks from consuming raw cows' milk the existing health warning on labels on retail packs and any notices displayed at on-farm catering premises will be required to be more prominent. Labels and notices will newly be required to communicate the Chief Medical Officer's strong advice that children, pregnant women, elderly people and anyone who is unwell should not consume raw cows' milk.

Fish and Shellfish Hygiene

3.86 The objective of this element of the programme is to protect public health by ensuring that fish and shellfish sold in the UK meet the requirements of the EU fish and shellfish hygiene Directives.

3.87 MAFF is the joint competent authority, in England and Wales, for these Directives with DH. This involves the monitoring of all commercial shellfish beds producing live bivalve molluscs in England and Wales for microbial contamination. Molluscan shellfish production areas are then classified according to EU criteria. This determines whether the shellfish can go directly for human consumption or whether treatment is required beforehand. The 1998 classification programme was successfully completed and the results were issued to Local Authorities and other interested parties. Other work required of the competent authority includes a programme of monitoring samples of both shellfish and seawater from production areas for the presence of marine biotoxins. The current programme includes monitoring for diarrhetic and paralytic shellfish poison. Work is underway to establish a programme of monitoring for amnesic shellfish poison. Work is also being carried out to determine levels of chemical contaminants in shellfish.

Food Hygiene Surveillance

3.88 MAFF's microbiological food surveillance programme provides information for Government, Health Authorities, Local Authorities, the food industry and the consumer on the microbiological status of foods and food processes. The results arising from the programme are used to inform policy and decision making and identify any need for action to ensure the microbiological safety of food. Surveys are carried out on a regular basis and reports submitted to the ACMSF prior to publication for an assessment of

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

their public health significance. All published reports are made available to the public. During 1998, a survey was carried out on unpasteurised sheep, goats' and buffaloes' milk. Preparations were also made for a major survey on raw and heat processed cows' milk to be carried out in 1999.

Independent Advisory Committees

3.89 Annex 15 contains details of the independent advisory committees concerned with Food Hygiene.

Research and Development

3.90 The research encompasses: the development of detection methodology for food borne pathogens; the development of techniques for assessing the risk and significance of known and potential microbiological food contaminants; devising practical strategies for the maintenance of microbiological food safety, (HACCP, hygienic equipment design and decontamination methods) for use by government, industry and consumers; and providing information on which to base a high quality meat inspection service consistent with the need to protect public health. Future plans include new work to examine the food safety issues surrounding the disposal of organic waste. In addition, the ACMSF Working Group on Microbial Antibiotic Resistance is expected to report early in 1999. Recommendations from the ACMSF will be used to define a new programme of research to address this issue.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Radiological Protection and Food Contamination Incidents
Programme Code: PH:070

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	2,664	2,664	2,735	2,941	2,898
of which:					
a) Current					
i) Running Costs	1,896	1,896	1,979	2,185	2,142
ii) Scheme Costs (including R&D)	3,656	3,656	3,644	3,644	3,644
iii) Receipts	-2,900	-2,900	-2,900	-2,900	-2,900
b) Capital (net)	12	12	12	12	12
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	2,664	2,664	2,735	2,941	2,898

This was programme PP1:07 in the old programme structure.

3.91 The main objectives of this programme are to protect the public from exposure to radioactivity in food in general and from radioactive and other toxic contaminants in food after an accident or emergency. In particular, the programme aims to ensure that radiation exposure through food is kept below internationally prescribed limits and as low as reasonably practicable, and to ensure that disposals of radioactive waste have the minimum possible impact on fisheries, food and farming. In addition it aims to protect the public from, and minimise the impact of, accidents resulting in contamination of the food chain with non-radioactive chemicals.

Radiological Contamination

3.92 Under the Environment Act 1995, discharges of radioactive waste from nuclear sites in England may take place only if authorised by the Environment Agency. The Agency is required by the Act to consult the Minister on all applications for such authorisations for nuclear licensed sites, and he shares with the Secretary of State for the Environment powers to

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

direct the Agency to refuse, grant or attach conditions to an authorisation; MAFF is also consulted on the authorisations for all other sites. Since the creation of the Environment Agency it has remained MAFF's responsibility to assess the radiation doses received by members of the public and carry out monitoring of radioactivity in the food chain.

3.93 MAFF continues to monitor terrestrial and aquatic foodstuffs for radioactivity to confirm the safety of the food chain. Public doses remain well within national and international limits and constraints: the international limit is one millisievert (mSv).

Table 3.9: Sellafield critical dose from liquid radioactive waste discharges

Year	1992	1993	1994	1995*	1996*	1997*
Dose as % of international limit	19	18	14	12	14	10

*These doses have been evaluated using updated guidance on the conversion factors between the intake of radioactivity and the dose received. Therefore these values are not strictly comparable with those for previous years. The limit remains 1 millisievert (mSv).

3.94 Since 1995 MAFF has published the results of the aquatic and terrestrial radiological surveillance programmes in a single annual report, "Radioactivity in Food and the Environment" (RIFE). On 18 September 1998 the third RIFE report was published jointly by MAFF and the Scottish Environment Protection Agency (SEPA) including data relating to Scotland, and is available from MAFF's RSN Division free of charge (telephone: 0171 238 6476). Results for 1997 showed that the maximum potential exposure levels to consumers of fish and shellfish was 10% of the limit of 1 mSv. (For comparison, the average dose to members of the public due to natural background is 2.6 mSv in the UK.). In addition MAFF also publishes quarterly updates of provisional surveillance data for the current year on the MAFF Website.

3.95 In the summer of 1998 a partial survey of the sheep in the remaining post-Chernobyl restricted areas of Cumbria was carried out. The results showed a continuing gradual reduction in the levels of radioactivity, but unfortunately this was not enough to enable us to lift controls from any of the remaining affected farms this year.

3.96 MAFF investigated two possible food safety incidents involving radionuclides. The first involved an enhanced discharge of sulphur-35 and the second the contamination of pigeons by caesium-137. The results of

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

both investigations are available on the MAFF Website. To test out its emergency plans, MAFF participated in eight interdepartmental nuclear emergency response exercises.

Other Contamination Incidents

3.97 MAFF investigated 235 possible food safety incidents involving non-radioactive chemicals during 1998; a 2% increase over the previous year. All of the incidents were resolved without recourse to statutory measures, often through swift voluntary action by farmers to restrict the movement of affected animals until the risk had passed. In one incident involving the possible release of persistent organic pollutants following a fire at a scrap yard, precautionary advice was issued to local farmers not to harvest cereals or pick fruit. This advice was lifted after five days, as the initial sampling results demonstrated that levels of possible pollutants were not above the normal background levels found in the environment, and therefore consumers were no longer at risk. MAFF participated in 2 external emergency exercises and held a major internal exercise of emergency procedures.

Indicators

3.98 Key indicators for 1998 were the publication of the RIFE report on time and efficient response to consultations by the Environment Agency. MAFF responded to 100 such consultations, 96% of them within the time allowed. A key task for the coming year will be to publish the combined terrestrial and aquatic radioactivity monitoring report, RIFE 4, in conjunction with SEPA in September 1999.

Research and Development

3.99 There are three main areas covered by the research programme, concentrating on the assessment of impacts from routine discharges of radioactivity, from accidental discharges of radioactivity and on the improvement of the monitoring programme for radioactivity in food. The results of this research are applied directly in the work of the Ministry. The programme was reviewed in 1998 and a major conclusion was that there was a need for further work on understanding radioactive contamination of the aquatic/marine environment. New work in this area is being commissioned for the coming year.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

Food Quality and Nutrition
Programme Code: PH:080

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	10,789	10,789	10,749	10,943	10,950
of which:					
a) Current					
i) Running Costs	2,445	2,445	2,551	2,745	2,752
ii) Scheme Costs (including R&D)	8,331	8,331	8,185	8,185	8,185
iii) Receipts	0	0	0	0	0
b) Capital (net)	13	13	13	13	13
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	10,789	10,789	10,749	10,943	10,950

This was programme PP1:08 in the old programme structure.

3.100 The objective of this programme is to protect the public by ensuring that they are not misled by the way food is described and that the information is available in order to allow them to choose a healthy and nutritious diet. This is achieved by giving advice, making regulations and undertaking surveillance on nutrition, food composition and labelling.

Nutrition

3.101 MAFF is concerned with the nutritional value of food and the diet. Within this context, MAFF-funded work on dietary surveys and the nutrient content of food uniquely provides the necessary reliable, up-to-date and nationally representative information on what people eat and what nutrients their food contains. This information provides baseline figures and trends in the nutritional content of the diet, and provides a sound basis for developing and monitoring effective food, agricultural, social and health policies on nutrient intakes. This work includes the National Diet and Nutrition Surveys (NDNS) which are jointly funded by MAFF and DH. During 1998 the results of

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

the NDNS of people aged 65 and over were published (available from the Stationery Office in two volumes, price £63.00 for the diet and nutrition volume and £21.00 for the oral health volume); the fieldwork for the NDNS of children aged 4-18 years was completed and data were collated; and contracts were let for the feasibility phase of the NDNS of adults aged 19-64 years.

3.102 Data from surveys were used to inform consideration of issues such as nutrition labelling and the provision of subsidised milk to schools. They were also used to inform the development of policy by other Government Departments: for example MAFF worked closely with the Department for Education and Employment on nutritional standards for school meals, provided information on intakes of folic acid and other nutrients for DH's Committee on Medical Aspects of Food and Nutrition Policy, and contributed to the development of guidance on nutrition in initial teacher training.

3.103 Close links were maintained through these and other activities with DH, which is responsible for issues relating to nutrition and health. A further example of the co-operation between the two departments was provided by the establishment of a joint secretariat for a new Expert Group on Vitamins and Minerals which will advise on the need for safety limits on the level of vitamins and minerals in food supplements. It was announced in July 1998 that a decision on proposed legislation to limit the level of vitamin B6 in food supplements was to be deferred until after this new group had reported.

EU Legislation

3.104 Significant technical progress was made under the UK Presidency on proposals to update the vertical food compositional directives, which await an Opinion from the EP. The UK continues to press for a new Chocolate proposal which will accommodate all the different chocolate-making traditions in the EU.

3.105 Three amendments to the Commission Regulation on Spreadable Fats, relating to dairy designations and the fat content declaration, were agreed in March, June and November 1998. The provisions of the enforcement of the first two amendments are covered by the Spreadable Fats (Marketing Standards) (Amendment) (No 2) Regulations 1998. A public consultation on the third amendment is currently being carried out.

3.106 A proposal to simplify Directive 89/398 on Foodstuffs for Particular Nutritional Uses, on which the Council reached a Common Position last year,

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

remains subject to pre-conciliation discussions between the Commission and the EP. The Commission are still considering how to deal with a proposal for a Directive on pesticide residues in baby foods. A draft Commission Directive on Foods for Special Medical Purposes is under discussion. This Directive will provide compositional rules for specialist foods that are available for people who are unable to eat a normal diet or who have special nutritional needs.

UK Legislation

3.107 Draft Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations were circulated for public consultation on 16 November 1998. These will implement Directive 96/70, which amends the Natural Mineral Water Directive 80/777.

3.108 Amendments to the UK Food Labelling Regulations 1996 were introduced on 1 July 1998, introducing new requirements for quantitative ingredient declarations (QUID), to come into force by 14 February 2000. Consultation on amendments to the UK Processed Cereal-based Foods and Baby Foods for Infants and Young Children Regulations, which implement revisions to the parent EU Directive, will take place in the autumn.

3.109 The Bread and Flour Regulations, which re-enact the 1995 Regulations, were remade in 1998 to comply with the requirements of the Technical Standards Directive 83/189. A consultation document was issued on 17 April 1998 to clarify the requirements to fortify flour, but further amendments to the Regulations will be co-ordinated with the changes to the Additives Directive 95/2 on flour treatment agents.

Local Authorities

3.110 Updated codes of practice issued to local authorities under section 40 of the Food Safety Act 1990 will be issued for public consultation. The Government has published the recommendations of an independent group set up to review the arrangements for testing food samples by public analysts. These are available on the MAFF Website.

Food Authenticity

3.111 Two MAFF programmes support the development of food labelling policy and the work of local authorities in preventing misleading or fraudulent description of food: an R&D programme to develop new analytical methods; and a surveillance programme to determine the extent of misdescription

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

nationally. Surveys have been published on the substitution of fish species in salmon products and on orange juice adulteration. Other surveys in progress cover the authenticity of apple juice, olive oils and speciality vegetable oils, as well as the labelling of meat products and tuna products. Details of all on-going surveys and results of completed surveys are available on the MAFF Website.

Research and Development

3.112 MAFF commissions research on various nutrition-related topics. These include the factors which influence people's food choices, and the effects of diet on health. One major focus of nutrition research is the role of dietary fat and antioxidants in the aetiology and prevention of chronic diseases such as cardiovascular diseases and cancer. Another focus is the definition of optimal nutrient status for a range of vitamins and minerals. The results of this research provide a sound scientific basis for national nutrition policy. The overall aim of the research is to aid the development and dissemination of advice on healthy eating. Positive changes in the diet can reduce the risk of disease, and the promotion of dietary change could be an important factor in meeting the targets proposed in the consultation paper on *Our Healthier Nation: A Contract for Health*.

3.113 Research under the food authenticity programme aims to develop methodologies to safeguard the authenticity of the food supply. This research identifies methods of detecting adulterated or misdescribed foods, so helping to ensure fair trading and eliminate fraud. The authenticity R&D programme was reviewed for the first time by external assessors who welcomed the high quality work done on method development.

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Feedingstuffs and Fertiliser Standards
Programme Code: PH:090

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	775	775	793	843	838
of which:					
a) Current					
i) Running Costs	462	462	482	532	527
ii) Scheme Costs (including R&D)	348	348	346	346	346
iii) Receipts	-35	-35	-35	-35	-35
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	775	775	793	843	838

This was programme PP1:09 in the old programme structure.

- 3.114** The objectives of this programme are:
- a) to ensure that animals are fed materials which do not prejudice the health of the ultimate food consumer or the health and welfare of animals,
 - b) to enable free and fair competition for safe feeds and fertilisers, and
 - c) to ensure full and accurate information is available for purchasers to make informed choices.

3.115 The programme operates through legislative controls on labelling and compositional standards. The various EU Directives are implemented in Great Britain by the Feeding Stuffs Regulations 1995 and the Fertilisers Regulations 1991, augmented by separate controls for enforcement purposes on sampling and analysis. Separate but parallel legislation applies in Northern Ireland. Scheme costs represent payments to agencies and research bodies for investigations and the provision of scientific and technical advice to MAFF.

objective 1: to protect public health in relation to food and to animal diseases transmissible to humans

3.116 Feedingstuffs legislation covers safety measures including a list of approved feed additives and maximum permitted levels of contaminants. It also governs the description of certain materials and the labelling of products. UK Regulations came into force on 6 May 1998 to implement an EU Directive on the approval and registration of establishments operating in the animal feedingstuffs sector. Introduction of this major requirement involved close liaison with local authorities and industry bodies. In addition, work also took place during 1998 on the implementation of other EU measures including one which provides a framework of rules for the enforcement of feedingstuffs legislation.

3.117 UK implementing Regulations were introduced on 30 April 1998 to ensure that mammalian meat and bone meal for use as fertilisers was manufactured under rendering conditions laid down in EU measures on animal health.

3.118 The Government gave a commitment to set up an independent advisory committee on animal feedingstuffs to advise on the use and safety of animal feeds and feeding practices. Arrangements for setting up this committee are now well advanced: it will have its first meeting in the summer of 1999. Other tasks for 1999 will involve negotiation of a number of EU proposals which will include amendments to the Feed Additives Directive and rules covering novel feedingstuffs.

Research and Development

3.119 Project areas currently being funded include the effects of processing on DNA in animal feeds and methods to detect probiotic micro-organisms in feeds.

**objective 2: to sustain
and enhance the rural and
marine environments
and public enjoyment of
the amenities they provide
and to promote forestry**

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Environmentally Sensitive Areas (Policy)

Programme Code: EN:010

	Planned	Estimated	Plans		
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	28,700	28,700	33,100	34,438	35,868
<i>of which:</i>					
a) Current					
i) Running Costs	301	301	295	299	303
ii) Scheme Costs (including R&D)	28,405	28,405	32,811	34,145	35,571
iii) Receipts	-6	-6	-6	-6	-6
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	16,168	15,990	18,795	19,095	20,095
EU Receipts	-16,168	-15,990	-18,795	-19,095	-20,095
Programme Total	28,700	28,700	33,100	34,438	35,868

This was part of programme RE3:01 in the old programme structure. Programmes that include payments made under the CAP have been split into two parts; the "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the "RSC Admin." part covers the administrative cost of making the scheme payments.

4.1 The objective of this programme is to protect and enhance the rural environment by encouraging environmentally beneficial agricultural practices in areas of the countryside where the landscape, wildlife or historic interest is of national importance.

4.2 Many of the policies covered in this Chapter operate within existing EU powers which are due, under the European Commission's Agenda 2000 proposals, to be subsumed in a new Rural Development Regulation. The outcome of the negotiations on that proposal could affect these policies.

Environmentally Sensitive Areas

4.3 There are 22 designated Environmentally Sensitive Areas (ESAs) in England (43 in the UK as a whole, administered by the four Agriculture Departments). Each ESA has one or more tiers of entry under which farmers can enter into voluntary 10 year management agreements to maintain and

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

enhance the environmental features of their land. Annual payments to farmers range between £8 and £500 per hectare depending on the requirements of each tier. These payments are reviewed every two years. In addition grants are available to ESA agreement holders carrying out capital works to improve the landscape, wildlife and historic interest of the area, or to facilitate public access.

4.4 The scheme forms part of the UK national programme to implement the EU agri-environment regulation (Council Regulation 2078/92). Up to 50% of all expenditure in ESAs, excluding that on capital works, is refunded by the EU from the EAGGF Guarantee Section.

4.5 MAFF pays the FRCA to provide technical support for the scheme under a Memorandum of Understanding.

4.6 For the 1998 application year 657 new agreements (covering 29,000 hectares) had been offered to farmers by the end of January 1999, bringing the total number of current agreements to over 10,000. Future expenditure on the scheme is expected to rise as the number of participating farmers continues to increase.

Table 4.1: Area of land in England under ESA agreements and area in enhancement tiers

Year	1993	1994	1995	1996	1997	1998 (Provisional)	1999 Projected	2000 Projected
Area under ESA agreement (ha)	266,258	346,391	423,123	433,642	461,129	490,125	535,000	563,000
Area in enhancement tiers (ha)*	33,000	43,500	48,461	51,018	52,162	64,171	71,000	77,000

*The enhancement tiers seek to make significant improvements in the wildlife and landscape interests of each ESA. They include reversion of arable land to permanent grassland, regeneration of heather moorland, raising water levels and the creation of species rich hay meadows.

4.7 The effectiveness of each ESA is reviewed every 5 years. For the 1998 application round changes were introduced to the eleven Stage II and III ESAs (Breckland, Clun, Suffolk River Valleys, North Peak, Test Valley, Avon Valley, North Kent Marshes, South West Peak, South Wessex Downs, Lake District and Exmoor), including new options for promoting biodiversity, and a significant extension of the South Wessex Downs ESA.

4.8 In 1998 MAFF also reviewed the 6 ESAs established in 1994 (Blackdown Hills, Cotswold Hills, Dartmoor, Essex Coast, Shropshire Hills and Upper Thames Tributaries). The results of an environmental monitoring programme and an economic study have been made available on the MAFF Website as part of the review (copies of the environmental monitoring reports

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

are also available from MAFF Publications, details on how to obtain them are contained in the Bibliography). Proposals for enhancement of these ESAs were issued on 18 September 1998, to address in particular the principles for greater biodiversity in these areas. Following a public consultation period revised proposals were submitted to the EU Commission for approval in December 1998.

Examination of MAFF's implementation of ESAs by the National Audit Office and the Committee of Public Accounts

4.9 A report by the Committee of Public Accounts on the ESA programme was published on 3 June 1998 (HC 45-1 ISBN 0-10-249598 X HMSO), based on a National Audit Office report published in 1997 (HC 120 ISBN 0-10-268498-7 HMSO). The Committee made a series of recommendations on the impact, planning, budgeting and administration of the scheme. The Government's response was published on 30 July 1998 (Command 4021), and implementation is currently underway. As part of this, new performance indicators and targets for English ESAs will be introduced during 1999.

Research and Development

4.10 The research programme continues to focus on the practical problems faced in developing and implementing management prescriptions for use in ESAs and Countryside Stewardship. New areas of research, established in 1998, include arable biodiversity and archaeological and landscape aspects. In the future it is expected that more resources will go into research to inform scheme development. In 1998, a significant contribution was made to strengthen Countryside Survey 2000 in the areas of particular interest to MAFF: hedgerow characteristics; cereal field margins; and better estimates of upland diversity in England and Wales. Countryside Survey is the periodic assessment of botanical diversity in the UK.

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Key Environmental Achievements

MAFF's key environmental achievements during 1998-99 were:

- a) The revision of 6 Environmentally Sensitive Areas to further protect and enhance wildlife and countryside conservation and to introduce new options to promote biodiversity objectives.
- b) Launch of the Arable Stewardship Scheme in 2 pilot areas: East Anglia and the West Midlands.
- c) The introduction of a revised aid scheme, with substantially increased payment rates, new environmental conditions and other changes to encourage conversion to organic farming in spring 1999.
- d) Consultation on and implementation of the Action Programme measures in Nitrate Vulnerable Zones from 19 December 1998 and the publication of supporting explanatory booklets "Guidelines for Farmers in NVZs" and "Manure Planning in NVZs".
- e) Launch of revised Codes of Good Agricultural Practice for the protection of air, water and soil, and a summary leaflet of the main messages.
- f) Farm waste management plans in 7 river catchments.
- g) Launch of the 'Making the Most of Manure' project in which four working farms will be used to give advice on controlling diffuse nutrient pollution.
- h) The issue of a consultation document on the development of a set of UK indicators for sustainable agriculture.
- i) Organisation of a workshop for the OECD on environmental indicators for agriculture, which took place in York in September.
- j) The launch in October of a MAFF-sponsored IACPA report 'Integrated Farming – Agricultural Research into Practice' at a major conference for the industry entitled 'Restoring Confidence in Farming – The Role of Integrated Systems'.
- k) Publication of an extensively revised Code of Practice for the Safe Use of Pesticides on Farms and Holdings.

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Countryside Stewardship (Policy)
Programme Code EN:020

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	27,213	27,213	29,968	35,440	39,159
of which:					
a) Current					
i) Running Costs	430	430	421	428	433
ii) Scheme Costs (including R&D)	26,791	26,791	29,555	35,020	38,734
iii) Receipts	-12	-12	-12	-12	-12
b) Capital (net)	4	4	4	4	4
Annually Managed Expenditure (AME)	7,149	6,914	9,318	10,686	11,870
EU Receipts	-7,149	-6,914	-9,318	-10,686	-11,870
Programme Total	27,213	27,213	29,968	35,440	39,159

This was part of programme RE3:07 in the old programme structure. Programmes that include payments made under the CAP have been split into two parts; the "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the "RSC Admin." part covers the administrative cost of making the scheme payments. This programme also includes the "Policy" element of former programmes RE3:05 Countryside Access Scheme, RE3:06 Moorland Scheme and RE3:02 Conservation, Habitat Scheme and Access ("Policy" part of habitat and access only). Countryside Stewardship is limited to England.

- 4.11** The objectives of the Countryside Stewardship Scheme are:
- a) to conserve and enhance important English landscapes (outside Environmentally Sensitive Areas), for their beauty, wildlife, habitats, history and archaeology, and
 - b) to promote enjoyment of the countryside by the public, including the provision of better access to land with agreements under the scheme.

4.12 The scheme encourages farmers and land managers to enter 10 year management agreements in return for annual payments and grants for capital items. The eligible landscapes and features include chalk and limestone grassland; lowland heath, waterside land; the coast; uplands; historic landscapes; old traditional orchards; old meadows and pastures; community forests; the countryside around towns; traditional field boundaries

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

(hedges, stone walls, banks and ditches) and the margins of arable fields. In consultation with interested organisations key landscapes and features are identified for each county, and these targets are given priority for the available funds.

4.13 The scheme forms part of the UK national programme to implement the EU agri-environment regulation (Council Regulation 2078/92). Up to 50% of all expenditure, excluding certain capital works, is refunded by the EU from the EAGGF Guarantee Section.

4.14 The FRCA provides technical support for the scheme under a Memorandum of Understanding.

4.15 In the 1998 application year, more than 1,220 new agreements were signed with a total first year cost of £6.5m, bringing the total number of agreements etc to over 8,500. Approval was given to those applications which offered the best value for money, taking account of the objectives of the scheme, and county targets. Programme expenditure increases annually as agreements enter the scheme as a result of each new application round.

Table 4.2: Area under Stewardship Agreement

Year	1994	1995	1996	1997	1998 (estimated)
Cumulative area under Stewardship agreements (ha)	87,319	92,585	105,000	122,900	148,800

4.16 Arising from the CSR Ministers announced on 29 October 1998 that an additional £1m will be made available for new agreements in the 1999 application round, enabling agreements with a first year cost of £7.5m to be approved. The additional funding will be directed to the uplands, for which new and revised measures are introduced to enhance moorland and grassland.

4.17 The first applications were made under the pilot Arable Stewardship Scheme launched on 15 January 1998. The aim of the scheme is to test, in two pilot areas (East Anglia and the West Midlands), the extent to which arable farming methods can be used to bring about benefits in biodiversity, including for farmland birds, animals and plants. The budget available for agreements in 1998 was £500,000. The pilot scheme attracted considerable interest; 78 agreements were signed of which 37 were in East Anglia and 41

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

in the West Midlands. As a result of the Comprehensive Spending Review Ministers announced on 29 October 1998 that this pilot scheme would be kept open for applications in 1999 and 2000 with a further £500,000 available for new agreements in each year.

4.18 In January 1999 two new experimental schemes were being finalised to test how incentives for rural development and agri-environment measures might be integrated. The experiments use existing schemes, primarily the Objective 5b and Countryside Stewardship Schemes. They apply in Bodmin in Cornwall and Bowland in Lancashire, and were developed by local partnerships led by the County Councils concerned.

4.19 A review was begun of the incentives to allow public access to land under the Countryside Stewardship Scheme, the ESA Scheme and the Countryside Access Scheme. It will be informed by an economic evaluation commissioned from the Centre for Research and Environment Appraisal and Management at the University of Newcastle, which was published on the MAFF website in June 1998. The evaluation recommended more strategic targeting of funding and more effective publicity of the routes available under the schemes. The conclusions of the review will inform Ministerial decisions for the form of the schemes in 2000.

4.20 MAFF has been reviewing the performance of several pilot agri-environment schemes which were established in 1994 and 1995, with the intention of bringing successful elements of the schemes into the Countryside Stewardship Scheme. These are the Countryside Access Scheme, the Moorland Scheme and the Habitat Scheme.

4.21 A key task for 1999 will be to determine the future content and management of the scheme in the light of EU decisions on the Rural Development Regulation, part of the current round of reform of the CAP.

Countryside Access Scheme

4.22 The scheme operates in England and Wales with the purpose of encouraging farmers to create new opportunities for public access to the countryside. To be eligible land must be entered into the guaranteed set-aside option of the Arable Area Payments Scheme. Participants receive annual compensatory payments in return for creating 10m wide access routes and/or open spaces. The scheme opened in late 1994 and there are currently 128 agreements, significantly fewer than planned. These have provided 82km of linear routes and 1,530 ha of open space. A measure of

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

effectiveness is the percentage of guaranteed set-aside land made available to the public. This reached 4.4% in 1997-98.

4.23 In the review of access provisions under the agri-environment schemes it is envisaged that the Countryside Stewardship Scheme can provide voluntary access agreements to the farmed countryside, enabling the Countryside Access Scheme to be closed.

Moorland Scheme

4.24 The scheme, which applies in England, grants an annual payment of £30 over five years for each HLCA-eligible ewe which is disposed of to meet specified moorland stocking limits. Participants must also follow a plan which provides for a basic level of general environmental management. FRCA project officers assist with implementation at farm level.

4.25 Since its introduction in 1995 the scheme has attracted 25 participants, providing for the disposal of 7,659 ewes from 10,319 hectares of moorland.

4.26 Because of its limited uptake the scheme was closed to new applicants at the end of 1998, being replaced by new options for managing heather moorland under the Countryside Stewardship scheme.

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Conservation
Programme Code EN:030

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	1,995	1,995	2,163	2,170	2,175
of which:					
a) Current					
i) Running Costs	363	363	355	362	367
ii) Scheme Costs (including R&D)	1,624	1,624	1,800	1,800	1,800
iii) Receipts	0	0	0	0	0
b) Capital (net)	8	8	8	8	8
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	1,995	1,995	2,163	2,170	2,175

This was part of programme RE3:02 Conservation, Habitat Scheme and Access in the old programme structure.

4.27 The objective of this programme is to encourage farming practices which conserve and enhance the natural beauty and amenity of the countryside, its wildlife and features of historic interest.

Conservation and Access

4.28 Through a contract with ADAS and a Memorandum with the Farming and Wildlife Advisory Group (FWAG), MAFF provides subsidised initial advice on conservation and access to farmers in England. In 1998/99, separate programmes for woodland and set-aside were brought within the general conservation programme. The total number of visits to provide initial subsidised conservation advice during 1997/98 was 3,640 against a forecast of 3,300. For 1998/99 the total number of visits, including those related to set-aside and woodland, is forecast to be 3,800. A Conservation Advice Service Schedule with ADAS and a Financial Memorandum and annual grant letter with FWAG cover arrangements for monitoring both the quantity and quality of the advice provided. The cost of the ADAS programme, which

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

includes promotion, publicity and general advice on conservation as well as on-farm visits is estimated to be £964,000 (excluding VAT) in 1998/99. Payments to FWAG are expected to total £258,500.

4.29 For ADAS subsidised conservation advice, the performance targets for 1997/98 and 1998/99 are an average response time for making visits of 20 working days from receipt of the request and dispatch of the written report within 10 working days of the visit. For 1997/98 both these targets were met. In order to monitor customer satisfaction and identify improvements which can be made to the service, MAFF also carries out a telephone survey of farmers who have received ADAS advice and expects that at least 75% of respondents will rate the advice received as 'good' (rather than 'satisfactory' or less). For 1997/98, the survey covered a four month period only, during which 74% of respondents rated the service as 'good'.

4.30 MAFF also obtains policy advice on conservation under a Memorandum of Understanding with FRCA. The cost of this programme, which includes advice to other Government Departments and interested bodies, is estimated to be £306,000 in 1998/99. MAFF continued to work closely with DETR on the Government's proposals for extending access to open countryside. The Government is expected to announce its conclusions on the best way forward soon. MAFF will continue to work with DETR on the development of access policy.

Agri-environment and Biodiversity

4.31 This part of the programme relates to the co-ordination of policy on the agri-environment schemes operated under EU Regulation 2078/92, UK input into the development of agri-environment measures and the proposed rural development regulation at the EU level, and MAFF's input into the UK Biodiversity Action Plan and wildlife protection more generally.

4.32 Work includes the operation of the National Agri-Environment Forum which gives a wide range of interested organisations the opportunity to comment and feed in ideas on the development of agri-environment schemes. Members include key farming and conservation organisations as well as representatives of national and local government, including the statutory countryside agencies. The National Agri-Environment Forum met twice during 1998; three sub-groups and Regional Agri-Environment Consultation Groups also met regularly.

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

4.33 Proposals for the future development of nine existing EU measures, including agri-environment schemes and various structural measures, are included in the draft Rural Development Regulation submitted by the European Commission in March 1998 as part of the Agenda 2000 package. Detailed examination of the draft regulation began under the UK Presidency and continued during the Austrian Presidency.

4.34 MAFF also continued to work with DETR on ways of strengthening the Hedgerows Regulations and improving protection for SSSIs. Revised legislation to protect important hedgerows is expected to be introduced jointly with DETR and the Welsh Office towards the end of 1999. The Government will announce its conclusions on improving protection for wildlife later this year.

4.35 Key tasks for the future include seeking satisfactory future EU arrangements under the proposed Rural Development Regulation; continuing to work closely with the National Agri-Environment Forum; continuing to assist in the preparation and implementation of biodiversity action plans for a wide variety of species and habitats; developing a possible code of good agricultural practice for wildlife and landscape and continuing to work closely with DETR on future hedgerow and wildlife legislation.

Research and Development

4.36 The research programme covers work to determine the causes of changes in biodiversity in the countryside, and addresses research needs identified in the Biodiversity Action Plan. Much of the research is concerned with understanding the causes of declines in farmland bird populations, and in interpreting the causes of declines in botanical diversity noted in the Countryside Survey 1990. Separate projects cover the establishment, management and monitoring of hedges.

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Farm Woodlands (Policy)
Programme Code: EN:040

£ '000	Planned	Estimated	Plans		
	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	6,492	6,492	6,304	6,299	6,293
of which:					
a) Current					
i) Running Costs	102	102	100	102	103
ii) Scheme Costs (including R&D)	6,389	6,389	6,203	6,196	6,189
iii) Receipts	-2	-2	-2	-2	-2
b) Capital (net)	3	3	3	3	3
Annually Managed Expenditure (AME)	2,622	2,526	2,344	2,653	2,944
EU Receipts	-2,622	-2,526	-2,344	-2,653	-2,944
Programme Total	6,492	6,492	6,304	6,299	6,293

This was programme RE3:03 in the old programme structure. Programmes that include payments made under the CAP have been split into two parts; the "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the "RSC Admin." part covers the administrative cost of making the scheme payments.

4.37 This programme's objective is "to enhance the environment through the planting of farm woodlands, in particular, to improve the landscape, provide new habitats and increase biodiversity. In doing this, land managers should be encouraged to realise the productive potential of woodland as a sustainable land use."

4.38 The Farm Woodland Premium Scheme (FWPS) is administered by the four UK Agriculture Departments. There is a joint application procedure with the Woodland Grant Scheme (WGS) (operated by the Forestry Commission in Great Britain and the DANI Forest Service in Northern Ireland) which offers establishment grants for new woodlands. The FWPS offers annual payments for 10 years (for predominantly conifer woodland) or 15 years (for predominantly broadleaved woodland) to help offset farming income foregone from converting productive agricultural land to woodland. For most

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

applicants, the national exchequer will fund 50% of the payments and the EU will fund the other half from the EAGGF Guarantee Section.

4.39 FWPS forms part of the UK national programme to implement Council Regulation 2080/92, which requires all Member States to operate schemes to encourage the afforestation of agricultural land.

4.40 For the 9 months April to December 1998, some 786 FWPS applications amounting to some 7,628 hectares were approved in the UK. The area of land entered into the FWPS in England in the same period was some 2,807 hectares. During 1998 the implementation of measures arising from the FWPS review has continued and applications for approvals to plant for 1997-98 showed a significant increase over the previous year. MAFF has a contract with ADAS Consulting Ltd for the provision of advice and promotion of the FWPS. The balance between specific free on-farm woodlands advice and targeted promotion was moved to focus more on the latter.

4.41 Under its "Commitment to Service", MAFF has undertaken normally to process all FWPS applications within one month of receipt, and to pay all claims received by 1 August in the latter half of October. In 1998, 87% of applications were approved and 96% of claims were paid within the Citizens Charter deadline.

4.42 The key tasks for 1999 will be to begin to set up arrangements for the next evaluation and review of the FWPS to take account of uptake and scheme operation following the increased payment rates and greater flexibility for the scheme introduced from 1 April 1997.

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Table 4.3: Take up of Farm Woodland Premium Scheme in England

Year	1996-97	1997-98	1998-99 (Estimate)
Number of applications	471	755	850
Total ha approved	1,538	2,903	3,300
of which:			
Broadleaf	1,335 (87%)	2,485 (86%)	2,770 (84%)
Conifer	204 (13%)	418 (14%)	530 (16%)
Type of land involved:			
Arable land	1,189 (77%)	1,717 (59%)	1,880 (57%)
Improved grassland	300 (20%)	1,008 (35%)	1,090 (33%)
Unimproved land	49 (3%)	178 (6%)	330 (10%)

Research and Development

4.43 The research programme has two aspects: firstly to assess the practical problems of establishment of farm woodlands and developing methods of measuring and maximising the environmental benefits; and secondly, a more strategic component to improve the plant material available for use in farm woodlands. Over the last year a concerted effort has been made to improve the links between the researchers and the industry in order to ensure that the results of research are used most effectively. This has involved close contact between the researchers and the British Hardwoods Improvement Programme, as well as a successful symposium on farm woodland research.

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Environmental Protection
Programme Code EN:050

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	17,994	17,994	17,911	16,154	15,174
of which:					
a) Current					
i) Running Costs	1,256	1,256	1,230	1,245	1,237
ii) Scheme Costs (including R&D)	16,036	16,036	15,854	14,082	13,110
iii) Receipts	-2	-2	-2	-2	-2
b) Capital (net)	704	704	829	829	829
Annually Managed Expenditure (AME)	1,899	1,615	1,929	1,139	779
EU Receipts	-1,899	-1,615	-1,929	-1,139	-779
Programme Total	17,994	17,994	17,911	16,154	15,174

This programme contains both of the former programmes RE2:01 Environmental Protection (Nutrients) and RE2:02 Environmental Protection (General).

- 4.44** The objectives of this programme are to:
- a) reduce pollution and nuisance from agriculture (excluding pesticides which are covered by PH:040); and
 - b) to protect agriculture from the effects of pollution.

4.45 These objectives are met through a mixture of advice and regulation, underpinned by extensive research, and involve discussions at international, EU and national levels.

Sustainable Agriculture Initiatives

4.46 Internationally, MAFF organised a workshop for the OECD on environmental indicators for agriculture which produced conclusions and recommendations on the development of a set of indicators to measure the sustainability of agriculture and agricultural policy across OECD countries. MAFF was actively involved in technical work and negotiations relating to

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agricultural emissions of ammonia – an acidifying gas – both in the UN Economic Commission for Europe on long range transboundary air pollutants and in the EU in connection with its acidification strategy. Both initiatives began critical negotiations in 1998. MAFF also contributed to a Government consultation document on climate change policy options.

4.47 MAFF also continued to work with others on a range of environmental issues, including: publication of revised Codes of Good Agricultural Practice for the Protection of Water, Air and Soil; the launch of the *“Making the Most of Manure”* project in which four working farms will be used to give sound, practical and cost-effective advice on controlling diffuse nutrient pollution; publication of a consultation document to develop a set of indicators for sustainable agriculture in the UK; publication of a booklet to raise awareness of the likely impacts of climate change on UK agriculture; and further consultations on implementing the EU Integrated Pollution Prevention and Control (IPPC) Directive in relation to large pig and poultry farms.

4.48 MAFF continued to tackle water pollution from farm waste by promoting farm waste management plans costing a total of £340,000 in seven river catchments selected after discussion with the Environment Agency. The number of substantiated water pollution incidents arising from agriculture was the lowest recorded since 1991 at 1,884 (a decrease of 36%).

4.49 Key tasks in 1999 will include: publication of a set of indicators for sustainable agriculture in the UK; publication of a consultation document on proposals for guidance notes for the pig and poultry industries on the implementation of the IPPC Directive; negotiations with DETR in the EU and UN about measures to tackle ammonia emissions from agriculture; publication of a National Soil Protection Strategy jointly with the DETR; and further activities to help farmers control diffuse pollution, including a new awareness campaign on controlling soil erosion.

Nitrate Sensitive Areas

4.50 The Nitrate Sensitive Areas (NSA) scheme has been running since 1994 as part of the agri-environment programme under EU Council Regulation 2078/92. Following the CSR, the scheme was closed to any further new entrants with effect from 30 September 1998 although existing agreements will continue to the completion of their five-year terms. This includes agreements concluded following the 1998 application round. The

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scheme compensates farmers in England for making voluntary changes to their farming practices in ways which significantly reduce nitrate leaching. The changes go well beyond good agricultural practice and the scheme has proved effective as a means of reducing high or rising nitrate levels, thereby helping to safeguard the future viability of selected public drinking water sources.

4.51 Annual payments are made under five-year agreements and range from £65 per hectare for restrictions on nitrogen fertiliser usage, to £625 per hectare for the conversion of arable land to native species grassland. Within certain ceilings, up to 50% of expenditure is refunded by the EU.

4.52 NSA payments totalling £4.7m were made in 1998/99 on almost 25,000 hectares of land subject to NSA undertakings (71% of the eligible land in NSAs), with 100% of applications and 93% of claims processed within the timescales laid down in "Commitment to Service". Following the 1998 application period, over 3,000 further hectares were entered into the NSA Scheme.

4.53 Monitoring work continued in 1998. When integrated into scientific modelling of catchment losses, this work showed that in 28 NSAs, out of a total of 32, nitrate leaching from the soil zone during 1997/98 had been reduced in comparison with pre-scheme levels. All NSAs are located within NVZs.

Nitrate Vulnerable Zones

4.54 Implementation of the EU Nitrate Directive resulted in 68 Nitrate Vulnerable Zones (NVZs) being designated in England and Wales in 1996 on the basis of data collected in 1992. The first review of NVZ designations is being undertaken jointly with DETR, taking account of more recent monitoring data from the Environment Agency. Any proposals for new or amended designations will be the subject of full public consultation. Farmers in NVZs are required to comply with mandatory Action Programme measures restricting the quantity and the timing of applications of nitrogen fertilisers and livestock manures. Regulations establishing these measures were laid before Parliament on 12 May 1998 (S.I. 1998/1202) and came into force on 19 December 1998. Guidance literature has been provided to farmers in NVZs, who may also request a MAFF-funded ADAS advisory visit. In 1998/99 the cost to MAFF of these visits amounted to about £0.18m. Farm waste grants of 25% are available for NVZ farmers who need to improve their farm waste facilities as a result of NVZ limits on the spreading of

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livestock manures, Grants totalling £0.1m were paid in 1998, but uptake is expected to increase now that the NVZ rules are in place.

4.55 The Farming and Rural Conservation Agency (FRCA) provides technical support for this programme’s work on nitrate under a Memorandum of Understanding.

Table 4.4: Performance Indicators of Efficiency and Effectiveness relating to Nitrate Sensitive Areas						
OUTPUT INDICATORS	1996/97		1997/98		1998/99	1999/2000
	Outturn	Planning Assumptions	Outturn	Planning Assumptions	Planning Assumptions	
1. Number of NSAs in which nitrate leaching in the soil-zone has been reduced in comparison with pre-scheme levels (Max=32) *	27	27	28	28	29	25
2. % of farmers participating in agri-environment NSA Scheme *	69	75	72	75	5	N/A‡
3. % of NSA Scheme claims paid within the timescale laid down in "Commitment to Service" *	98	100	93	100	100	100
4. % of applications for the NSA Scheme processed within the timescale laid down in "Commitment to Service" †	96	100	100	100	100	100
5. % of eligible land subject to agri-environment NSA undertakings *	68	70	71	75	75	45
6. % of scheme land subject to NSA Premium Arable Scheme undertakings *	20	20	21	21	22	30

* = NSA Scheme year 1 October to 30 September

† = financial year 1 April to 30 March

‡ = scheme closed to new applicants

Research and Development

4.56 The research programme includes work on farm wastes, soil protection and climate change. The farm wastes research continues to address the water and air pollution problems associated with farm wastes management. An increasing emphasis is the measurement and reduction of

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ammonia emissions from agriculture, including a more accurate assessment of how much ammonia is emitted from agriculture and the development of cost-effective methods of reducing emissions. The research on soil protection assesses the risks of soil damage from a range of factors, including erosion, application of sewage sludge, depletion of soil organic matter, agricultural management, and atmospheric deposition of heavy metals. The research on climate change is concerned with assessment and reduction of emissions of greenhouse gases by agriculture, and the assessment of the potential impact of change in climate on UK agriculture. As part of the research on potential impacts, a booklet has been produced which summarises the research findings for the benefit of the industry.

4.57 Although still a substantial programme, the research on nutrient loss from agriculture continues to decline. Most of the research is concerned with minimising nitrate leaching whilst maintaining viable agricultural production. The focus of this part of the programme is on applying the techniques which have been developed to real farming systems, especially in developing the more efficient use of manures. About 25% of the programme is concerned with quantifying the amount of phosphorus that is lost from agriculture. Over the last few years the programme has contributed to significant advances in our understanding of phosphorus loss. Research has shown that significant losses of soluble phosphorus are more common than previously thought. The current emphasis of the phosphorus research is to provide reliable estimates of loss at different scales, from field to catchment to national scale.

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Aquatic Environment
Programme Code EN:060

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	7,779	7,779	7,723	7,692	7,665
of which:					
a) Current					
i) Running Costs	662	662	648	655	665
ii) Scheme Costs (including R&D)	7,899	7,899	7,857	7,819	7,782
iii) Receipts	-782	-782	-782	-782	-782
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	7,779	7,779	7,723	7,692	7,665

This was programme RE2:04 in the old programme structure.

4.58 The work of this programme is to develop and implement domestic and international policies to protect fisheries and marine fauna and flora from the deposit and discharge of wastes and other materials at sea. Scheme costs include contributions to international bodies dealing with marine pollution issues. Receipts are in respect of authorisations, licences and approvals.

Control of Deposits in the Sea

4.59 The UK's obligations under the London Convention 1972 and the OSPAR Convention for the Protection of the Marine Environment of the North East Atlantic are implemented by means of licensing controls under the Food and Environment Protection Act 1985 (FEPA). MAFF is the licensing authority under FEPA for the disposal of waste and the deposit of other materials – including construction materials – in the sea around England and Wales. A scientific assessment of the potential impact on the marine environment is made before any licence is granted and monitoring is undertaken to

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assess the effects of material deposited in the sea. The dumping of sewage sludge was stopped at the end of 1998 since when the only wastes routinely licensed for disposal at sea are dredged material and small quantities of fish waste.

Table 4.5: Licences issued under the Food and Environment Protection Act 1985

Year	1995-96	1996-97	1997-98	1998/99 (estimate)
Number of FEPA licences issued:				
– waste disposal	130	128	111	113
– construction	274	307	257	260
FEPA licence fee revenue (£'000)	825	816	789	900

4.60 As part of the licensing process, MAFF seeks the comments of local authorities, the Environment Agency, the Crown Estate and English Nature or the Countryside Council for Wales, particularly in respect of proposed activities which might have an adverse impact upon sensitive habitats designated under the Conservation Regulations 1994. A new computerised system for issuing FEPA licences was introduced on 9 February 1998.

Oil Treatment Products

4.61 MAFF operates an approval scheme for all dispersants and other products that may be used to treat oil spilt at sea. The procedure is designed to ensure that products are only approved for use where they are likely to have a beneficial effect on the marine and coastal environment, and includes tests for both efficacy and toxicity.

International Developments

4.62 On 15 December 1998, the UK ratified the 1996 London Convention Protocol, a new international treaty which will supersede the London Convention 1972 and is designed to enhance global controls over the dumping of waste at sea. In addition, the OSPAR Convention for the Protection of the Marine Environment of the North East Atlantic, which the UK ratified in 1997, came into force on 25 March 1998. This supersedes the former Oslo and Paris Conventions on marine pollution, and its scope has been extended to cover protection of marine biodiversity from human activities. MAFF played a key role in the OSPAR negotiations on sea disposal of offshore installations on which agreement was reached at the Ministerial

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meeting in Portugal in July 1998. The agreement includes a total ban on sea dumping of large steel installations.

Pipeline discharges – non-radioactive waste

4.63 MAFF is consulted by the Environment Agency on all applications to discharge non-radioactive waste into coastal waters. It assesses the food safety and environmental implications of potentially toxic substances, especially heavy metals such as mercury.

Monitoring and Control

4.64 In order to ensure that contaminants entering the marine environment from all sources do not harm the food chain or impair water quality, MAFF maintains an extensive programme of monitoring in coastal waters. As an example of this work, Table 4.6 provides a measure of indicative mercury levels in fish from the highest risk sea areas. The EU environmental quality objective is that mercury content should not exceed 0.3 mg per kg of wet weight.

Table 4.6: Mercury levels in fish in highest risk sea areas

Year	1990	1992	1994	1996
% of EU environmental quality maximum	63%	67%	57%	56%

Offshore Mineral Resources

4.65 Extraction of minerals from the seabed (except coal, oil and gas) requires a licence from the Crown Estate who issue such licences only after consultation with the Government. Under this ‘Government View’ Procedure, MAFF advises DETR on the potential implications for the marine environment, fishing and coastal defences. On 9 June, the Government introduced new procedures for authorising marine aggregates dredging to make the process more efficient and open. It also announced its intention to introduce statutory procedures by March 1999 to implement the requirements of the amended European Directive on Environmental Impact Assessment in so far as it applies to marine aggregate dredging.

4.66 MAFF is also consulted about proposed oil and gas exploration and production activity under the new Offshore Environmental Assessment Regulations and about plans for decommissioning offshore installations.

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Research and Development

4.67 To help fulfil MAFF's responsibilities for controlling deposits in the sea, and protecting the marine environment generally, a broad range of issues are being investigated within the research programme. One element of the programme assesses the sub-lethal effects of pollutants at the cellular, tissue and individual level and the results are then used to assess the likely impact at the population level. A key priority currently being addressed in this area is the concern that certain pollutants arising from sewage treatment works and industrial processes cause male fish to synthesize a protein normally found in females, which may affect reproductive potential. Another programme element is designed to ensure that MAFF's policies are based on a proper understanding of pollutant transport and distribution. This is essential since pollutants entering the marine environment are unevenly distributed due to complex chemical, physical and biological processes. The programme also includes projects which address the environmental impact of sand and gravel extraction and of the disposal of dredgings. Aspects being studied include the siltation effect of the dredger plume and the likely recovery rate of the sea bed ecosystem following extraction activity. In support of both the research and monitoring programmes, new indicator tests and analytical methods are being developed, such as whole sediment assays for the assessment of water and sediment quality.

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Organic Farming (Policy)
Programme Code: EN:070

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	3,879	3,879	6,792	7,877	8,225
of which:					
a) Current					
i) Running Costs	336	336	329	334	341
ii) Scheme Costs (including R&D)	3,549	3,549	6,469	7,549	7,890
iii) Receipts	-8	-8	-8	-8	-8
b) Capital (net)	2	2	2	2	2
Annually Managed Expenditure (AME)	545	723	749	749	749
EU Receipts	-545	-723	-749	-749	-749
Programme Total	3,879	3,879	6,792	7,877	8,225

This was programme CE2:22 in the old programme structure. Programmes that include payments made under the CAP have been split into two parts; the "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the "RSC Admin." part covers the administrative cost of making the scheme payments.

4.68 The objective of this programme is to support and encourage an expansion of organic farming as one of the options available for environmentally friendly production.

4.69 The programme mainly concerns the operation of the Organic Aid Scheme (OAS). The scheme provides help to farmers wishing to convert to organic systems. Similar schemes are operated by the three other Agriculture Departments. By the end of December 1998 a total of 382 applications, representing 14,825 hectares had been accepted into the Organic Aid Scheme in England.

4.70 The scheme forms part of the UK national programme to implement the UK agri-environment regulation (Council Regulation 2078/92). Area payments are funded 50% by the national exchequer and 50% by the Guarantee Section of the EAGGF.

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4.71 Following a review, increases in the rates of aid payable under the scheme and changes to its structure were announced on 30 July 1998. After approval by the European Commission these will be brought into effect in spring 1999 as the Organic Farming Scheme. Aid rates will be nearly doubled and annual expenditure (EAGGF and MAFF combined) on payments to farmers is expected to rise to nearly £9 million by 2000. Until August 1998 most payments under the Organic Aid Scheme were made quarterly. All payments are now made annually. MAFF aims to make at least 90% of payments within four weeks of the due date. By the end of December 1998 some 95% of payments were made within this time frame.

4.72 The programme also covers the Organic Conversion Information Service (OCIS) which was launched in 1996. The service, which is financed by MAFF and managed by FRCA, offers a telephone helpline, provided by the Soil Association, and free advisory visits, provided by the Elm Farm Research Centre, to potential organic farmers. Interest has been strong and over 3,000 calls had been made to the helpline and over 900 advisory visits requested by the end of December 1998.

4.73 The programme also supports the Secretariat for the UK Register of Organic Food Standards (UKROFS). UKROFS is an independent body responsible for ensuring that standards for organic production are enforced and setting these standards, in those cases, for example organic livestock, where EU legislation does not establish them.

4.74 Key tasks for the future are the effective implementation of the OFS, and a successful outcome to ongoing EU negotiations on harmonised standards for organic livestock.

Research and Development

4.75 Following the announcement in spring 1998 that additional funding would be found for organic farming research, the budget for 1998/99 was increased by nearly 50% and a further rise is planned for 1999/00. A successful review of the organic R&D programme in 1998 resulted in the programme being targeted principally at the transfer of information about research already conducted. A number of such projects are being funded, concentrating on organic research but also looking at the interchange of knowledge between organic and conventional agriculture. The large amount of research let by Open Competition in 1998 included research to address problems such as disease control strategies in vegetables and development of systems for organic pig production.

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Countryside Management
Programme Code EN:080

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	2,765	2,765	2,739	2,740	2,721
of which:					
a) Current					
i) Running Costs	461	461	452	463	454
ii) Scheme Costs (including R&D)	2,298	2,298	2,281	2,271	2,261
iii) Receipts	-1	-1	-1	-1	-1
b) Capital (net)	7	7	7	7	7
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	2,765	2,765	2,739	2,740	2,721

This was programme RE3:04 in the old programme structure.

4.76 This programme, which covers England, has the objective of permitting the safe and humane control of mammals (such as badgers and rabbits) and birds (such as geese and cormorants) where they are in conflict with activities relating to agriculture, forestry, food, fisheries or property.

4.77 Where appropriate, MAFF, through its Regional Service Centres, arranges for advice to affected individuals on the control of pests and issues licences to permit otherwise prohibited action to prevent damage being caused. MAFF also ensures the control of pests where occupiers have a statutory duty to do so. FRCA, MAFF's wildlife advisers, carry out site visits in respect of licence applications and provide an assessment of damage and technical advice on how to prevent further damage.

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4.78 In 1997-98, MAFF received 725 applications for licences under the Protection of Badgers Act 1992 to interfere with badgers and their setts and issued 563 licences. 748 applications were received for licences under the Wildlife and Countryside Act 1981 to shoot or control wild birds that are otherwise protected and 624 licences were issued. 15 licences were issued under the Mink Keeping Orders 1992 and 1997 to permit the farming of mink for fur. The staff time per licence application was 2.6 days and 99.3 % of the licence applications received were determined within MAFF's Commitment to Service target of 30 working days. The number of applications received to control pests is steadily increasing each year.

4.79 The Parliamentary Secretary (Commons), Elliot Morley, announced in Parliament on 30 July 1998 that it is the Government's firm intention to end fur farming in the UK. Primary legislation will be required and Ministers will be seeking the most appropriate route by which to achieve that. Any Government proposals for legislation to ban fur farming would be subject to public consultation.

Research and Development

4.80 MAFF contributes to a joint research programme (with DETR and the Environment Agency) to assess aspects of the problems raised by the increased prevalence of fish-eating birds in inland fisheries. There is also research to assess the size and scope of problems associated with wild populations of animals such as rabbit, badger and deer.

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Salmon, Whaling and Inland Fisheries
Programme Code: EN:090

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	22,459	22,459	10,248	6,208	6,199
of which:					
a) Current					
i) Running Costs	435	435	426	424	415
ii) Scheme Costs (including R&D)	22,025	22,025	9,823	5,785	5,785
iii) Receipts	-1	-1	-1	-1	-1
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	22,459	22,459	10,248	6,208	6,199

This was programme RE2:03 in the old programme structure.

- 4.81** The objectives of this programme are:
- a) to promote the conservation, regulation and management of salmonid, eel and freshwater fisheries; and
 - b) to work for the conservation and protection of whales and other cetaceans through the International Whaling Commission (IWC).

Salmon and Inland fisheries

4.82 MAFF has policy responsibility for salmon and freshwater fisheries in England, and works closely with the Environment Agency, which is responsible for the day to day management and regulation of these fisheries. In 1998/99 the Agency's fisheries functions were funded by Grant-in-Aid of £21m paid by MAFF; the cost of this to the Exchequer was partly defrayed by receipts from rod and net licence duties, which are collected by the Agency and surrendered to the Consolidated Fund. From 1999-00, as a result of a reclassification of licence duty receipts, these receipts will be retained by the Agency. In addition, during 1999 responsibility for paying

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Grant-in-Aid in Wales will be transferred to the National Assembly for Wales. As a result of these changes, Grant-in-Aid paid by MAFF will fall.

4.83 In April 1998 the Government appointed an independent group established to review salmon and freshwater fisheries policy and legislation in England and Wales. During the year the group held six meetings and received submissions from some 170 organisations and individuals. The group is due to report to Ministers in 1999.

4.84 On 1 November 1998 new regulations to protect native fish species in England and Wales came into force. The regulations make it illegal for anyone to keep, or release, non-native fish of certain named species in any waters, including fish farms, in England and Wales without a licence. The new measures were introduced after extensive consultation, and are intended to reinforce existing legislation on the conservation and protection of native fish.

International Whaling Commission

4.85 MAFF represents the UK in the International Whaling Commission, which held its 50th Meeting in Oman in May 1998. The UK is opposed to all whaling, other than some limited whaling for subsistence purposes by indigenous people. At the Oman meeting the UK was able to achieve its main objectives: in particular, the moratorium on commercial whaling was retained intact and progress was made in establishing long term research programmes to examine the threat posed by environmental pollution and climate change to whales and other cetaceans (dolphins and porpoises).

Research and Development

4.86 Research has focused particularly on factors affecting stocks in the freshwater habitat where salmon are susceptible to the effects of pollution and habitat degradation. Results from research into the effects of pesticides used in sheep dips show they have a wide ranging affect on the growth and development of salmon embryos and reduce the ability of adult males to detect and respond to female hormones. This causes reduced sperm levels and sperm mobility is also affected. The restoration of salmon spawning areas degraded by siltation is also being investigated. Siltation reduces the survival of salmon eggs through oxygen depletion and methods of reversing this have been researched. Future priorities include examining the possible effects of climate change on salmonid migration in the marine phase, and the impact of agricultural and aquacultural contaminants on wild salmonids.

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Farm Grants
Programme Code: EN:100

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	1,682	1,682	1,820	1,821	1,414
of which:					
a) Current					
i) Running Costs	160	160	157	158	153
ii) Scheme Costs (including R&D)	61	61	61	61	61
iii) Receipts	0	0	0	0	0
b) Capital (net)	1,461	1,461	1,602	1,602	1,200
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	-279	-279	-279	-279	-279
Programme Total	1,403	1,403	1,541	1,542	1,135

This was programme RE2:05 in the old programme structure.

4.87 The objective of this programme was to encourage agricultural businesses to adopt conservation-based farming practices through grant aided capital investments.

4.88 The Farm and Conservation Grant Scheme (F&CGS) was introduced in 1989. It comprised two elements, one being part funded by the EU (providing grant on investments under an improvement plan under Council Regulation 2328/91) and the other being a state aid scheme (providing grant on one-off investments under the 1970 Agriculture Act). The joint EU-funded part lapsed as planned on 31 December 1994. The state aid part of the scheme closed as planned on 19 February 1996. Relevant elements of the scheme have been subsumed into the agri-environment schemes. Each of the four Agriculture Departments administer the scheme, with MAFF accounting for some 60% of expenditure to date. Although the scheme is closed to new applications, grant will continue to be paid on improvement plans which have yet to run their course. The key task is to ensure that the final claims for grant are processed by 31 March 2005.

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Land Use and Tenure
Programme Code EN:110

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	4,934	4,934	4,644	4,656	4,653
of which:					
a) Current					
i) Running Costs	545	545	534	546	543
ii) Scheme Costs (including R&D)	4,386	4,386	4,107	4,107	4,107
iii) Receipts	0	0	0	0	0
b) Capital (net)	3	3	3	3	3
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	4,934	4,934	4,644	4,656	4,653

This was programme CE2:41 in the old programme structure. This programme also contributes to objective 5.

- 4.89** The main objectives of this programme are:
- a) to ensure that the loss to development of the best and most versatile agricultural land is kept to a minimum,
 - b) to ensure that the planning system takes account of agricultural interests, including diversification,
 - c) to provide a statutory framework governing the relationship between agricultural landlords and tenants, and
 - d) to implement the provisions of the Environmental Impact Assessment Directive dealing with projects to bring uncultivated land and semi-natural areas into intensive agricultural use.

4.90 In undertaking this work, MAFF obtains technical and professional support from the Farming and Rural Conservation Agency under a Memorandum of Understanding.

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

Planning

4.91 MAFF advises DETR, local planning authorities and others on the interaction of the planning process with agriculture in England. As a statutory consultee, MAFF has a key role in safeguarding the best and most versatile agricultural land as a national long-term resource. MAFF also seeks to ensure that the need for an efficient and flexible agricultural industry, including farm diversification, is recognised. Effort is focused on contributing to local development plans and other local strategic plans; and on considering planning applications of national significance to agriculture. MAFF dealt with 1,241 planning-related consultations in 1997-98; 98% of consultations received a full response within local authorities' deadlines.

4.92 Revision of the technical guidelines and criteria for grading the quality of land under the Agricultural Land Classification system is nearing completion.

Tenancy Legislation

4.93 The Agricultural Tenancies Act 1995 applies to new farm business tenancies (FBTs) entered into on or after 1 September 1995. The Act, which provides a simplified legal framework, is intended to encourage landlords to let more land. The uptake of FBTs is monitored through MAFF's Annual Survey of Tenanted Land. The results of the 1997 Survey were published on 6 March 1998: in England 603 FBTs were recorded in the sample, representing over 14% of all types of agreement. Incorporating data from the June 1997 Census, the Survey also showed that over 388,000 ha were let on FBTs (an increase of over 46% on 1996), accounting for more than 8% of the agricultural rented area. Results of the 1998 Survey will be published in early 1999. Details of the results of the 1997 Survey, and of the 1998 Survey when available, can be obtained free of charge from Publications Section, Statistics (C&S), Room 133A, MAFF, Foss House, 1/2 Peaseholme Road, York YO7 2PX (Tel: 01904 455332), or from the MAFF Internet site at <http://www.maff.gov.uk> under the heading "Statistics".

Agricultural Land Tribunals

4.94 Agricultural Land Tribunals (ALTs) were established under the Agriculture Act 1947. They are "courts" of first instance and they play an important role under the Agricultural Holdings Act 1986 (which applies mainly to tenancies entered into before 1 September 1995) in settling issues which cannot be resolved between agricultural landlords and tenants. They also have a role under the Land Drainage Act 1991 in settling drainage disputes

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

between neighbours. There are seven ALTs in England – MAFF regional staff provide the secretarial support. ALT running costs are met by MAFF. In 1997-98 ALTs received 297 applications; the number of cases going to the ALT for formal resolution was 81, reflecting the fact that the majority of disputes are settled by the parties themselves before a case reaches a hearing.

Environmental Impact Assessment

4.95 EU Directive 85/337 (as amended by Directive 97/11) requires environmental impact assessments to be carried out where certain projects would be likely to give rise to significant environmental effects. This requirement applies where uncultivated land or semi-natural areas are to be used for intensive agricultural purposes. Such projects may fall outside the town and country planning system, and a key task for MAFF in 1999 is detailed consultations with interested organisations about the new statutory regime needed to implement the EU provisions.

Royal Botanic Gardens, Kew
Programme Code: EN:120

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	17,223	17,223	16,823	17,224	17,226
of which:					
a) Current					
i) Running Costs	72	72	72	73	75
ii) Scheme Costs (including R&D)	14,299	14,299	14,299	14,299	14,299
iii) Receipts	0	0	0	0	0
b) Capital (net)	2,852	2,852	2,452	2,852	2,852
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	17,223	17,223	16,823	17,224	17,226

This was programme CE2:42 in the old programme structure. This programme also contributes to objectives 4 and 10.

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

4.96 The objective of this programme is to support the Royal Botanic Gardens, Kew (RBG), an executive NDPB sponsored by MAFF and operating under a Board of Trustees, established by the National Heritage Act 1983. RBG's mission statement is: *"to enable better management of the Earth's environment by increasing knowledge and understanding of the plant and fungal kingdoms – the basis of life on Earth"*.

4.97 RBG has an unsurpassed international reputation for the quality of its scientific research and for its living and preserved plant collections. It carries out basic research in plant and fungal systematics, biological interactions, economic botany, conservation and horticulture, publishing widely in a range of formats from scientific papers to books and CD-ROMs. The past year included a landmark paper on an ordinal classification for the families of flowering plants. RBG's gardens at Kew and Wakehurst Place are enjoyed by well over a million visitors a year. Its corporate objectives are achieved through six primary and two supporting programmes: collections, research and dissemination, conservation, visitor experience, education and information, heritage support, institutional and management services, and income generation.

4.98 MAFF scheme costs represent Government grant-in-aid currently covering about 70% of RBG's expenditure. The remainder of its income is received from gate receipts, sales, services and donations and now amounts to some £10 million per annum. This reflects RBG's success in obtaining private funding and other external support for its activities. RBG continues to explore the scope for such funding as well as ventures within the context of the Private Finance Initiative.

4.99 The refurbishment of Museum No. 1 at Kew has been completed and now houses a new exhibition on *"Plants and People"*, educational facilities, function rooms and offices. It was officially opened by the Princess Royal on 26 May 1998. The redevelopment of RBG's Lower Nursery complex was funded by MAFF at a cost of £3.4 million and was opened by the Minister on 7 July 1998. It provides 16 different computer-controlled climatic zones under one roof. This new facility will allow a much wider range of plants for public display, for the scientific collections, and for research. Its design will provide for reduced fuel and water consumption and improved efficiency. Building work has also been completed on the Herbarium Wing D extension, providing additional accommodation for the collections and staff, as well as a new geographical systems computer facility.

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

4.100 Work is progressing well on the Millennium Seed Bank project, in terms of both the major new building at Wakehurst Place and the world-wide seed collection programme. The aim of the project is to collect, research and conserve seeds from all the UK's flora by the year 2000 and at least 10% of the world's flowering plants, principally from arid lands, by the year 2010.

4.101 RBG has produced a long-term strategy document, "*Kew 2020*" (available from RBG, Kew). Systematic botany will continue to be the focus of RBG's research. However, conservation of plant and fungal species and their habitats is likely to become an ever more important programme for Kew given the increasing threat to natural ecosystems.

4.102 RBG published a Customer Charter in June 1998, setting standards for the service provided to visitors and arrangements for enquiries (copies are available from the Gardens). RBG is also committed to progressively upgrading visitor facilities and all new and refurbished scientific and horticultural buildings will be made more accessible.

"Alternative" Crops
Programme Code EN:130

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	3,185	3,185	3,145	3,122	3,097
of which:					
a) Current					
i) Running Costs	410	410	404	403	400
ii) Scheme Costs (including R&D)	2,772	2,772	2,738	2,716	2,694
iii) Receipts	0	0	0	0	0
b) Capital (net)	3	3	3	3	3
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	3,185	3,185	3,145	3,122	3,097

This was programme CE2:03 in the old programme structure and it also contains flax, hemp and cotton from CE1:11 Oilseeds and other Arable Crops. This programme also contributes to objectives 4 and 5.

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

4.103 The objectives of this programme are:

- a) to encourage the development and uptake of crops for use as renewable raw materials for industry and energy, and
- b) to bring together agriculture, industry and researchers to identify and develop new market opportunities.

4.104 There is a wide range of crops which can be used for these purposes, including oilseeds such as rapeseed, crambe and calendula for use in plastics and paints; pharmaceutical crops such as borage and evening primrose; fibres such as flax and hemp; and biomass crops like short-rotation coppice and miscanthus for energy. Generally speaking, although there are potential producers and users for these crops, there is no well established market for them.

4.105 In order to achieve the above objectives MAFF organises workshops and seminars and disseminates information on the benefits and uses of new crops. Underpinning research funded by MAFF is co-ordinated with other Government funded bodies and through the collaborative Government-industry LINK programme on Competitive Industrial Materials from Non-Food Crops. MAFF has also contributed to the Commission's study under Agenda 2000 into the non-food and energy crop markets.

4.106 MAFF has worked closely with DETR and DTI to develop policy on carbon dioxide emission reductions and renewable energy targets. Energy crops, particularly short rotation coppice (willow trees cut down every three years to produce woodfuel) have been identified as having potential to make a significant contribution to UK greenhouse gas reduction commitments. MAFF secured an increase in the EU ceiling for establishment grants for biomass crops and the Forestry Commission immediately implemented this in the area of the first biomass power station, Project Arbre in Yorkshire, which is now under construction and is expected to be commissioned in November 1999. Further development of these crops is dependent on support to make the return from growing them comparable with that from other agricultural activities. This in turn depends on the outcome of Agenda 2000, and on finding the necessary resources. MAFF is continuing to study this.

4.107 Workshops and seminars in 1998 included:

- a) a workshop on March 13 on Miscanthus as a crop for energy and industry,
- b) an exhibit on alternative crops at the Great Yorkshire Show on 16-19 July,

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

- c) a series of events in October and November to promote uptake of short rotation coppice by farmers in the region of Project Arbre,
- d) a LINK seminar on 4 November on sustainable surfactants (plant rather than mineral based).

4.108 MAFF also participated in events promoting the use of hemp for fibre, herbs for oils, and two European conferences on plant based industrial and energy raw materials.

4.109 MAFF worked closely with the Alternative Crops Technology Interaction Network (ACTIN), a private sector initiative. A member of staff was seconded to ACTIN, on a shared cost basis, to act as Business Co-ordinator. MAFF's database on alternative crops will be transferred to ACTIN to avoid duplication and ensure best use of resources.

4.110 The delivery of information to clients has been enhanced through the establishment of an Alternative Crops Unit page on the MAFF Internet site (www.maff.gov.uk/farm/acu/acu.htm). This will be developed further in the coming year and the programme of events and other information dissemination will continue. MAFF will, within Agenda 2000, contribute to the EU examination of the role of the CAP in developing the non-food and energy crop sector. MAFF will continue to work closely with other Departments on the UK response to climate change issues.

Flax

4.111 Fibre flax is grown in the UK for steadily expanding industrial outlets such as geotextiles (eg mattings to prevent land erosion), cardboard, paper and mouldings and for textile uses. Growers of flax – and hemp (see next paragraph) – receive aid payments, though these are separate from the main Arable Area Payments Scheme and are administered by IB. The Commission introduced new rules on minimum yields for flax which apply from the 1998 harvest year. In addition, detailed rules for cross-checking flax (and hemp) payments with the Integrated Administration and Control System (IACS) have been introduced, in order to strengthen existing checks and harmonise them with other schemes covered by IACS. A voluntary industry protocol, aimed at preventing the use of sensitive land for flax growing, was widely accepted as having operated well during its first year.

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

Hemp

4.112 Hemp fibre is suitable for paper making and could complement or replace the use of wood pulp. Other uses include textiles and substitution for glass fibre. The hemp plant core is used for horse bedding and has many potential industrial applications. A 7.5% reduction in the EU hemp aid rate was agreed in the 1998 price package, an identical reduction as in the previous year. The Council also decided to tighten the rules of the hemp regime by introducing obligatory contracts between growers and processors, together with an undertaking to process, and, from the 2001/2002 marketing year, a reduction in the maximum drug content (THC) in the varieties of hemp eligible for aid and the necessary detailed rules were agreed by the Commission.

Cotton

4.113 Following representations from Greece the Commission agreed to examine the operation of the cotton regime and to report to the Council. A follow-up proposal was agreed by the June Council to ensure that a minimum price is passed on to producers who are members of a producer group when cotton is processed on their behalf and to introduce a two-stage payment of advances, enabling the size of the advance to be increased. The Commission has been asked to examine further changes to the system of aid and to submit proposals by the end of July 1999.

Research and Development

4.114 The current research programme includes work on industrial oils, fibres, starches and energy crops, with a proportion of the work being co-funded with industry under LINK. Research on non-chemical approaches to pest and disease control in willow coppice has been strongly praised by the industry. The principles it has established have been incorporated into the 'Good Practice Guidelines' for coppice production, which underpin current UK energy crop production. The "Alternative" Crops R&D programme has recently been reviewed and the future direction of the programme is currently being formulated, in close liaison with other government departments, industry and producers.

objective 2: to sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry

**objective 3: to secure a more
economically rational CAP
which gives a better deal to
consumers and taxpayers
and pays due regard to the
needs of the environment**

objective 3: to secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment

- 5.1** The UK's strategic objectives for the CAP, which relate to all programmes associated with the CAP, are:
- a) to reduce costs to consumers and taxpayers,
 - b) to bring agriculture closer to the market,
 - c) to avoid discrimination against our agriculture and food sectors,
 - d) to ensure environmental concerns are integral to the CAP, and
 - e) to reduce bureaucracy.
- 5.2** MAFF's performance target is to cut the overall cost of the CAP to EU consumers and taxpayers from the current level of 88 billion Euro.
- 5.3** MAFF has overall responsibility for carrying out Government policy on the CAP and for negotiating on it within the EU. The respective roles of MAFF and the IB are set out in Chapters 1 and 16, and paragraphs 1.6 and 1.18 below. A summary of EU CAP expenditure in the UK is provided in Annex 3.

Central Planning on the CAP
Programme Code: RC:010

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	1,421	1,421	1,409	1,384	1,361
of which:					
a) Current					
i) Running Costs	1,416	1,416	1,404	1,379	1,356
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	0	0	0	0	0
b) Capital (net)	5	5	5	5	5
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	1,421	1,421	1,409	1,384	1,361

This was programme CE1:01 in the old programme structure. It now includes former programme IR2:06 "Devolution Issues".

objective 3: to secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment

5.4 The objectives of this programme are:

- a) to ensure that, through a co-ordinated approach to negotiations within the EU, the UK adopts a coherent and effective attitude to the CAP and its reform,
- b) to ensure that financial management and budgetary considerations are taken into account in all CAP decisions,
- c) to facilitate the EU enlargement process by the co-ordination of support for pre-accession development and re-structuring,
- d) to negotiate and advise on all aspects of the agrimonetary system,
- e) to monitor and advise upon agricultural state aids, and
- f) to arrange for MAFF to fulfil its responsibilities to assist Parliament to scrutinise EU legislative proposals.

5.5 It also covers other issues and activities which cut across individual sectors, in particular policy on single market, devolution, EU enlargement, relations with EU institutions and bilateral relations with other Member States.

CAP Reform

5.6 Following sustained UK advocacy of the case for CAP reform, the European Commission presented, on 18 March 1998, a package of legislative proposals designed to implement the reforms to the CAP that were outlined in its Agenda 2000 paper, published in July 1997. The proposals cover reforms to the arable, beef, dairy and olive oil regimes, measures to be applied horizontally to all direct payments to farmers, a rural development regulation and a new CAP finance regulation.

5.7 The UK largely welcomed this package and, as EU Presidency, launched intensive negotiations on it within the Council. The olive oil reforms were agreed at the June Agriculture Council. The Cardiff European Council in June 1998 agreed a deadline of March 1999 for conclusion of the negotiations. The UK has continued to encourage the Council to embrace radical reforms to the CAP and tabled, in September in concert with Italy, Sweden and Denmark, a paper arguing the case for more radical dairy reforms than the Commission had proposed.

CAP Expenditure

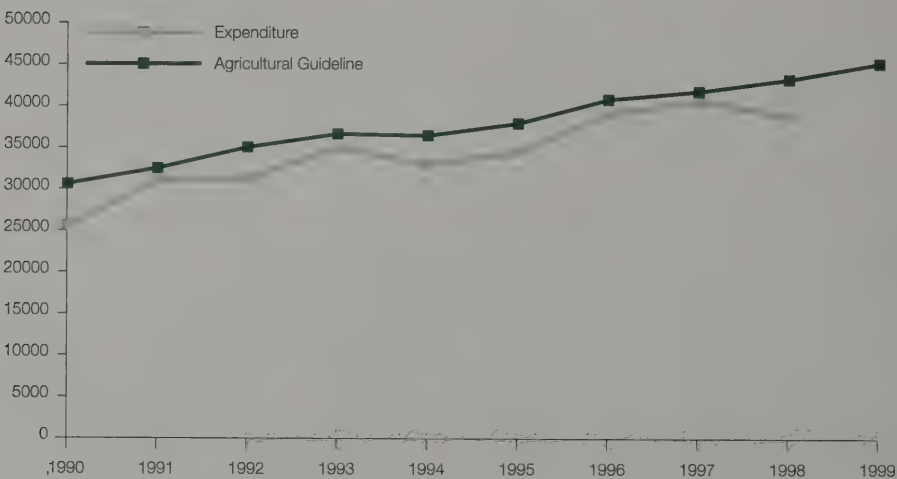
5.8 Expenditure in the UK on CAP measures is funded in the first place by the UK Exchequer and later reimbursed (partly or fully) by the EU. The UK

objective 3: to secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment

contributes to this reimbursement through its payments to the EU budget. It contributes more overall to the EU budget than it receives back, but the net cost to the UK is reduced by the abatement mechanism agreed at Fontainebleau.

5.9 CAP schemes can be divided into two categories: market intervention to support prices; and direct payments to producers based on livestock numbers, crop acreage, etc. The first category, involving trader-based measures such as intervention purchasing, storage and export refunds, are, in general administered by the IB, the second by MAFF and the other Agriculture Departments. A list of all paying agencies can be found in Chapter 1.

Figure 5.1: EU expenditure on agricultural support MECU



5.10 CAP support expenditure and receipts for specific sectors is set out in Annex 3. Figure 5.1 above illustrates the development of EU expenditure on agricultural support and its relation to the agricultural guideline. The degree of subsidy provided to EU producers, as measured by the Producer Subsidy Equivalent, is shown in table 5.1. The PSE is a calculation of the value of transfers to EU farmers and includes both the effect of intervention measures (measured by the difference between world and EU agricultural prices) and direct payments to farmers.

objective 3: to secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment

Table 5.1: Net Total Producer Subsidy Equivalent in the EU								
	EU12			EU15				
	1993	1994	1995	1996	1997 (prov)	1998 (est)	1999 (proj'n)	2000 (proj'n)
Net PSE (nominal, million ECU)	66,800	67,269	70,183	64,742	63,451	67,379	65,583	62,393
PSE as % by value of EU agricultural production	49%	49%	49%	43%	42%	44%	44%	42%

Source: OECD estimates to 1997, thereafter MAFF projections based on production and price trends assuming Agenda 2000 reforms implemented as initially proposed by the Commission in March 1998.

Enlargement

5.11 The UK is a strong supporter of EU enlargement. Contacts have been developed with the countries of Central and Eastern Europe (CEs) that have applied to join the European Union – Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia – and with Cyprus. These will be developed further, particularly in the lead up to the formal start of negotiations on agriculture in 1999. The UK is actively pursuing opportunities to assist CEs in their preparations for accession through the EU’s twinning arrangements. These activities will be taken forward with increased priority in the coming year.

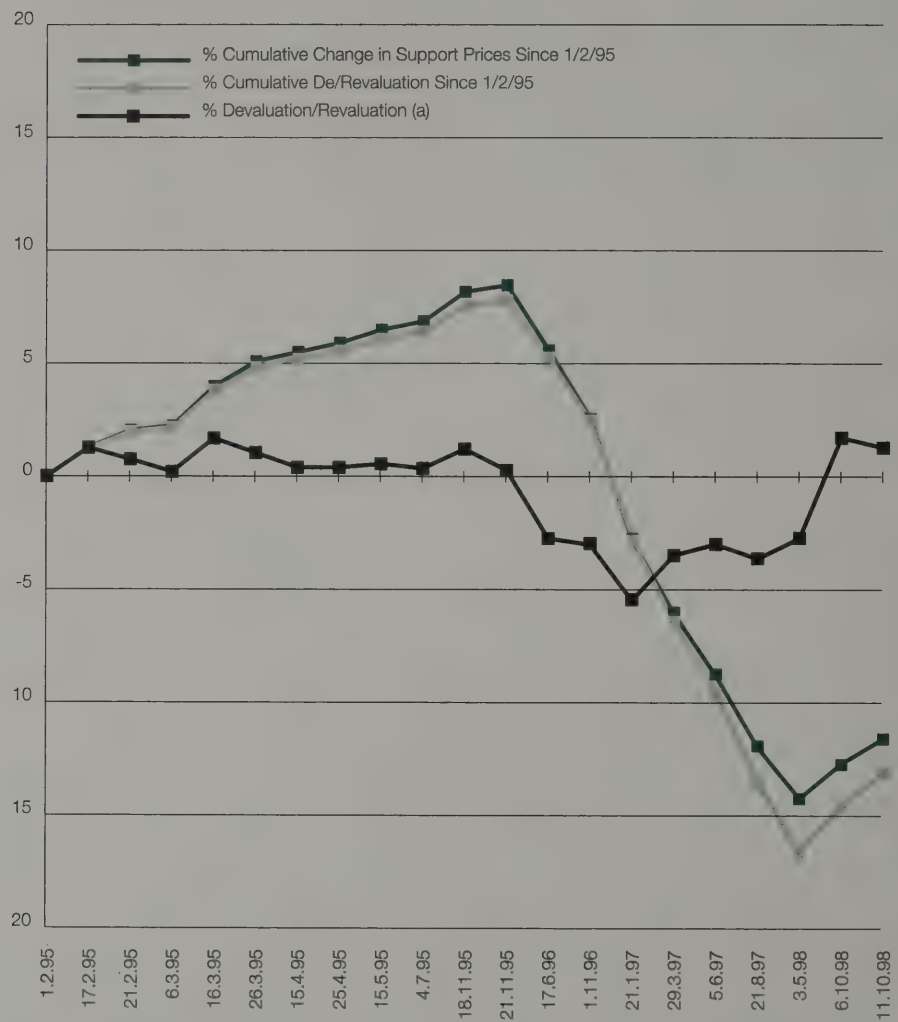
Agrimoney

5.12 Movements of the UK’s green rate, through which CAP prices and amounts are converted into sterling, are shown at Figure 5.2. There was a further revaluation of the sterling green rate in May 1998, followed by two devaluations in October but overall the situation was far more stable than in 1997. The sterling value of livestock premium payments was 4.2% lower than in 1997, and the sterling value of arable payments 6.4% lower. Overall, sterling support prices were still 2.75% higher than in January 1992.

5.13 A major overhaul of the agrimonetary system was agreed by the December Agriculture Council, in preparation for the introduction of the Single Currency in eleven Member States. Green rates were abolished and in future market exchange rates will apply to CAP payments made in the four “Pre-In” countries (the UK, Denmark, Sweden and Greece).

objective 3: to secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment

Figure 5.2: United Kingdom Green Rate Movements Since 1 February 1995



Financial Management of the CAP

5.14 Under new rules on the financial management of CAP expenditure, which came into effect for the first time in relation to clearance of the 1996 accounts, the IB act as Co-ordinating Body for the seven UK accredited paying agencies. MAFF is the agency accredited for making the majority of direct payments to farmers in England, accounting for 54% of CAP expenditure in the UK. The 1997 accounts of all UK paying agencies were cleared at the end of April within the regulatory deadline. The Commission noted improvements in most Member States control systems (including the UK) compared to 1996. The UK paying agencies are taking action to address areas where the Commission has noted a need for further improvements.

objective 3: to secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment

5.15 In the case of EAGGF guarantee expenditure, claims are submitted to the Commission monthly by the IB on the basis of accounting data from the paying agencies. Ensuring that payments by MAFF are made within the required deadlines falls within the responsibilities of the relevant commodity sub-programmes. So far as the EAGGF guidance is concerned a key annual task is to ensure that 100% of claims for reimbursement of expenditure are made by the prescribed deadline to ensure none of the funds are lost. In 1998/99 the task was achieved with claims for reimbursement of £17 million being duly submitted by 30 June 1998. In view of the critical importance of ensuring that reimbursements are made fully and punctually, this remains a key task for 1999/2000.

Devolution

5.16 Work on the proposals for devolution to Scotland, Wales and Northern Ireland, begun in 1997 continued apace during 1998. Devolution has profound implications for the work of MAFF, given the tradition of closely integrated agriculture, fisheries and food policies across the United Kingdom. Consequently proposals have had to be scrutinised very carefully and their legal and practical implications considered. In particular, the requirement for suitable co-ordination between Government bodies within the UK to ensure continued effective discharge of EU obligations is recognised.

5.17 Discussions continue with the Scottish, Welsh and Northern Ireland Offices and other Government Departments not only on the new legislation which impacts on MAFF's responsibilities but also on draft 'concordats' which set out the practical arrangements for handling business following devolution. MAFF divisions are, in turn, being advised on developments.

5.18 Within England, MAFF has also assisted with the setting up of Regional Development Agencies, advising in particular on ways of seeing that proper account is taken of rural interests.

State Aids

5.19 The Commission have given approval to 4 UK applications. These were the Farm and Countryside Enhancement Scheme (FACES), Small Firms Loan Guarantee Scheme (SFLGS), Agrimonetary Compensation: Beef & Sheep Schemes and the Flagged Herds Scheme in Northern Ireland.

objective 3: to secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment

5.20 The UK continues to press for rigorous control of derogations on assistance to the agricultural sectors in all Member States due to their potentially disturbing effects on the single market.

Parliamentary Scrutiny

5.21 For Parliamentary Scrutiny procedures to operate, MAFF must supply explanatory memoranda on EU legislative proposals that fall within its area of responsibility. The aim is to ensure that they are accurate, complete and submitted on time. They must be intelligible to those unfamiliar with the subject matter. CAP and CFP are especially active areas for EU measures 197 memoranda, including supplementaries, were supplied in 1998.

**objective 4: to assist the
development of efficient
markets in which
internationally competitive
food, fish and agricultural
industries can thrive**

objective 4: to assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive

Arable Crops (Policy)

Programme Code TM:020

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	7,727	7,727	7,617	7,576	7,530
<i>of which:</i>					
a) Current					
i) Running Costs	842	842	840	845	845
ii) Scheme Costs (including R&D)	6,867	6,867	6,759	6,713	6,667
iii) Receipts	-1	-1	-1	-1	-1
b) Capital (net)	19	19	19	19	19
Annually Managed Expenditure (AME)	1,194,261	1,187,171	1,033,951	1,164,026	1,301,225
EU Receipts	-1,168,572	-1,112,468	-1,029,027	-1,170,795	-1,307,577
Programme Total	33,416	82,430	12,541	807	1,178

1997 UK cereals production 23,533 thousand tonnes (tht); output £2,913m, imports 3,003 tht, exports 5,418 tht.

1998 UK cereals production 22,692 tht, output £2,493m.

1997 UK protein crop production 674 tht; output £128m.

1998 UK protein crop production 733 tht; output £119m.

Oilseed rape: 1997 UK production 1,527 tht; output £406m; imports 284 tht; exports 188 tht.

Oilseed rape: 1998 UK production 1,569 tht; output £399m.

Linseed: 1997 UK production 106 tht; output £51m; imports 52 tht; exports 31 tht.

Linseed: 1998 UK production 143 tht; output £67m.

Programmes that include payments made under the CAP have been split into two parts; the "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the "RSC Admin." part covers the administrative cost of making the scheme payments.

This programme merges the "Policy" parts of former programmes CE1:03 Arable Area Payments, CE1:10 Cereals and CE1:11 Oilseeds and Other Arable Crops (oilseeds, linseed and protein crops only). This programme also contributes to objective 3.

6.1 The objectives of the programme are:

- to protect the interests of the UK consumers, producers, traders and processors of arable crops, while taking into account international obligations and other Government policies,
- to administer policy on areas of the CAP relating to arable crops, in particular the Arable Area Payments Scheme, and
- to seek adaptation of EU policies in a more market-oriented direction.

objective 4: to assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive

Cereals and Rice

6.2 This part of the programme mainly comprises market support expenditure by the IB (refunded by the EAGGF).

6.3 As a result of low market prices UK intervention stocks increased steadily in the first half of 1998 to a total of over 1,234,000 tonnes, falling back slightly to just under 1 million tonnes by the year end. However, this remains well below the peak level of 1986 when there were some 6 million tonnes of cereals in UK intervention.

6.4 The UK aim to balance the interests of UK cereals producers, processors and consumers would suggest that market prices should represent between 106%-110% of the intervention price. World and EU market prices for most grains remained low in 1998 following a succession of good harvests. EU bread wheat prices mostly ranged in the order of 90%-110% of the intervention price, although higher prices were recorded in the south of the EU and in the UK as a result of climatic conditions and local supply shortages. Expenditure on market support measures increased due to increased intervention purchasing and the need for higher levels of export refunds. UK market prices for feed wheat and barley remain low because of the prevailing market situation and the recent strength of sterling. This situation is likely to continue into 1999 leading to a further rise in the level of intervention stocks.

6.5 Key tasks for the future will be to continue to ensure that EU market management decisions take due account of the interests of consumers, including livestock producers, within the EU and to make further progress with the EU Commission's proposals for a more market-oriented cereals regime under 'Agenda 2000'.

Oilseeds

6.6 Oilseeds (rapeseed, sunflower seed and soya beans) are used to produce oil for food uses (e.g. in cooking oils, margarines etc.) and a high protein meal used in animal feed. Rapeseed is also grown for industrial uses such as in pharmaceuticals and hydraulic oils. Oilseeds are eligible for payments, linked to set-aside, under the Arable Area Payments Scheme. The area of oilseeds grown in the EU and hence the UK is subject to Maximum Guaranteed Areas agreed between the EU and the US in the Blair House accord.

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Linseed

6.7 Linseed is predominantly grown as a source of oil for industrial use (paints, varnishes, wood treatments, linoleum). It is eligible for support under the AAPS.

Protein Crops

6.8 Protein crops (dried peas, field beans and sweet lupins) are grown for use mainly in compound animal feeds. They are, like oilseeds, eligible for support under the AAPS. The UK is the second largest producer in the EU after France.

Home Grown Cereals Authority

6.9 The HGCA is a statutory non-departmental public body (NDPB) funded by a levy on the cereals and oilseeds industry amounting to £10.4 million in 1997/98, some £8.9 million of which is raised from cereals and oilseed growers. The Authority's objective is to improve the production and marketing of UK cereals and oilseeds. MAFF makes an annual payment (currently £105,000) in respect of the HGCA's market information service. Agriculture Departments completed a five-yearly review during the first half of 1998 and concluded that the HGCA should continue in its present form, but made a number of detailed recommendations, some aimed at giving greater weight to the interests of consumers and environmental factors.

Arable Area Payments

6.10 This CAP scheme began in 1993. It offers direct area payments to growers of cereals, oilseeds, protein crops, and linseed. All but those claiming on a very small area have to set land aside in order to qualify for the payments. Each producer is required to make a fresh application each year; details of the areas claimed in the previous year are returned to farmers to help them complete the new application. Payment rates vary for the different crop groups and according to regional variations in yield. The rates paid under AAPS in England in 1998 were £241.72/ha for cereals, £303.08/ha for oilseeds, £349.15/ha for proteins, £467.52/ha for linseed, and £306.18/ha for set-aside. All arable area payments are fully refunded by the EU.

6.11 In 1998 MAFF received some 45,600 applications for arable area payments, covering more than 3.8 million hectares of land (UK total – 4.47m ha). Following an overshoot of the base areas for maize and for other crops in England, claims were reduced by 64% and 1.4% respectively.

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6.12 EAGGF clearance of accounts procedures undertaken by EU auditors, which identify any failures in the application of scheme controls, are used to measure scheme effectiveness. There are penalties for such failures: payments by Member States may not be reimbursed in full by the EU if they are late, and moneys may be recovered by the EU for failure to effect proper controls. MAFF was within the late payments limit for the 1997 scheme year and expects to be within the disallowance limit for that year.

6.13 As part of the 1998 EU price fixing agreement, obligatory set-aside was fixed at 10% for the 1999 harvest (up from 5% in 1998). The Agriculture Council decided to waive in 1999 the penalty set-aside which would otherwise have resulted from any overshoots of the base areas in 1998. From 1999, up to 5,000 ha of durum wheat in England will benefit from the supplementary payments which have hitherto been restricted mainly to the southern Member States.

CAP negotiations

6.14 The Commission's formal proposals for further reform of the CAP in the arable sector in the context of "Agenda 2000" were published in March 1998. These comprise:

- a) a 20% reduction in the cereals intervention price, from the current 119.19 ecu/t to 95.35 ecu/t in the year 2000;
- b) obligatory set-aside to be fixed at zero per cent and penalty set-aside to be abolished, but voluntary set-aside to be retained;
- c) area aid compensation for all crop groups and for set-aside to be at a uniform rate of 66 ecu/t (to be multiplied by the regional cereals reference yields of the 1992 reform), but with the retention of the supplements for durum wheat, and with a new supplement of 6.5 ecu/t for protein crops to maintain their competitiveness with cereals;
- d) latest sowing date postponed from 15 to 31 May; and
- e) a single payment window of 1 January to 31 March.

6.15 The Commission's proposals are intended to avoid a re-emergence of costly surpluses, to prepare the EU for the next round of talks on agricultural trade in the WTO, and to facilitate EU enlargement. Specifically, the arable proposals are aimed at allowing the EU to trade cereals at world prices without export subsidies, so removing the restrictions imposed in the last GATT Round, and to remove the Blair House Agreement restrictions on the maximum area of oilseeds which can be planted in the EU by removing the specific aid for that crop.

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6.16 The UK has broadly welcomed the Commission's proposals as a step in the right direction but believes that they should go further and that arable aids should be completely decoupled from production and made degressive over time. We have been active in seeking to force the pace of the reform negotiations. The UK does not favour the Commission proposal to place a limit at EU level on the total of direct payments received by individual farmers, as this "modulation" would penalise large and efficient farmers and run counter to a major objective of the reform, namely improved EU competitiveness on world markets. Discussion of the arable reform proposals has continued through 1998 and the European Council has set itself the aim of reaching agreement on the whole Agenda 2000 package by the end of March 1999.

Genetically Modified Herbicide Tolerant Crops

6.17 Herbicide tolerant crops are likely to be the first genetically modified crops grown commercially in the UK, though at the end of 1998 none had passed all statutory authorisations. Responses to the MAFF discussion paper on the weed control implications on the farm of the introduction of genetically modified herbicide tolerant crops, issued in 1997, indicated wide support for controls in this area. The comments fell mainly into three categories: support for an industry code of practice; support for a moratorium until research was complete; or demands for an outright ban on GM crops. GM crops are only approved for sale following a safety assessment by all 15 EU member States on the basis that the crop does not represent a risk to the environment or human health, and the Government is advised that there is no legal basis for a moratorium or a ban on the development of GM crops and foods under European Single Market legislation and World Trade Organisation rules. The industry subsequently developed its own guidelines aimed at ensuring the responsible integration of newly-developed herbicide tolerant crops into agriculture. On 21 October MAFF and DETR Ministers welcomed the progress made on these guidelines, but indicated that the Government would not endorse them until the industry had taken satisfactory measures to ensure compliance.

Research and Development

6.18 Cereals research is investigating ways of reducing inputs, improving quality and developing integrated systems of farming which balance the economic production of crops with measures to preserve and enhance the environment. Research into pests, diseases and weeds which cause significant reductions in yield and quality is providing options for their control

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which reduce pesticide inputs. In collaboration with industry, an integrated crop management approach and high quality decision making on farm will help farmers adopt these more sustainable farming practices. Results from a network of integrated arable crop trials are being actively disseminated to the farming community. It is envisaged that further jointly funded research with the industry, e.g. through the SAPPIO LINK Programmes (Sustainable Arable Production through Precision and Input Optimisation) will continue to address public and environmental concerns whilst protecting farm viability. Advances in molecular genetics potentially offer opportunities for plant breeders to introduce disease resistance and desirable agronomic and quality characteristics into cereal varieties.

6.19 On oilseed rape, work in conjunction with industry has sought to reduce agronomic constraints such as poor establishment, variable canopy development, pod-shatter and to improve the control of pests, diseases and weeds.

6.20 Protein crops are likely to remain important as break crops in cereal-based rotations. Research has focused on broadening the choice of profitable crops for farmers and the market opportunities for the products. Improved protein content and quality in peas and the development of UK grown lupins may help satisfy an increasing demand for vegetable protein for animal feed.

6.21 On arable area payments, R&D has concentrated on the management and agronomic effects of set-aside in arable rotations. Results have fed continuously into MAFF policies designed to enhance the environmental benefits of set-aside and to help support the development of non-food crops. Future needs are to assess the likely effects of CAP reform on the intensity of arable farming and a study on this was published on 10 February 1999.

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Sugar
Programme Code TM:030

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	295	295	294	294	292
of which:					
a) Current					
i) Running Costs	312	312	311	311	309
ii) Scheme Costs (including R&D)	1	1	1	1	1
iii) Receipts	-23	-23	-23	-23	-23
b) Capital (net)	5	5	5	5	5
Annually Managed Expenditure (AME)	102,349	153,615	121,940	121,940	121,940
EU Receipts	-102,349	-153,615	-121,940	-121,940	-121,940
Programme Total	295	295	294	294	292

1997 UK sugar production from beet 1,592 tht; output of sugar beet £300m; sugar imports 1,311 tht; exports 584 tht.

1998 UK sugar production from beet 1,400 tht; output of sugar beet £274m.

This was part of programme CE1:12 Sugar and Tobacco in the old programme structure (sugar only). This programme also contributes to objective 3.

6.22 The objectives of this programme are:

- a) to pursue reform of the EU sugar regime, and achieve a more market orientated system;
- b) to reduce the cost of the regime to consumers; and
- c) to maintain a reasonable balance between cane and beet sugar interests in the UK.

6.23 The CAP regime for sugar supports sugar beet as a crop, and its processing into sugar, through a system of price guarantees within a ceiling of national production quotas totalling 14.6 million tonnes of sugar per year. Prices are protected by a system of import tariffs and export subsidies for surplus quota sugar, together with a scheme to supply low cost sugar to the chemical industry. Sugar produced over quota has to be exported without subsidy. In addition, payments are made to cover the cost of holding sugar

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in store, to help ensure a constant supply to the market. In the UK, these measures are administered by the IB.

6.24 Much of the cost of the regime is met from levies on sugar production. Although EU expenditure under the regime amounts to some 1.8 billion ecus per year, the net taxpayer cost is comparatively low as receipts from levies cover about three quarters of the total. Nevertheless, prices are kept artificially high (typically two or three times the world market price) which drives up surplus production and the regime imposes a substantial burden on consumers and sugar using industries. In addition, export subsidies help depress world market prices.

6.25 Although most EU sugar is made from sugar beet, almost half of UK supplies come from sugar cane. Each year the EU imports some 1.6 million tonnes of raw cane sugar under preferential trade arrangements, mainly from African, Caribbean and Pacific countries under the Sugar Protocol to the Lomé Convention. About 85% is refined in the UK. No production levies are charged on this and the EU budget bears the cost of export subsidies for an equivalent volume of white sugar and of aid paid to specialist refiners of cane sugar.

6.26 The key features of the sugar regime were rolled over in 1995 for the period 1995-2001, and no major changes occurred in 1998-99. The UK will continue to press for progressive cuts in support price levels and for a prompt and fundamental review of the regime as the current arrangements draw to a close.

6.27 For many years near market sugar beet R&D in the UK has been funded by a statutory levy on beet growers and the sugar beet processor, British Sugar plc. Ministers have drawn up an annual R&D programme to be financed from the levy fund on the advice of the Sugar Beet Research and Education Committee (SBREC), an advisory NDPB. The industry were consulted about the winding up of these arrangements, and their replacement by a Development Council for sugar beet. They agreed on the need for change, but were not in favour of establishing a Development Council. On 18 December, Ministers announced that SBREC would be wound up as from 31 March 1999, and that the Sugar Beet Research and Education Fund would be discontinued after 31 March 2000.

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Alcohol and Alcoholic Drinks
Programme Code: TM:040

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	896	896	894	874	896
of which:					
a) Current					
i) Running Costs	489	489	487	467	489
ii) Scheme Costs (including R&D)	407	407	407	407	407
iii) Receipts	0	0	0	0	0
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	14,269	15,599	15,288	9,093	9,093
EU Receipts	-14,269	-15,599	-15,288	-9,093	-9,093
Programme Total	896	896	894	874	896

This was programme CE1:13 in the old programme structure. This programme also contributes to objective 3.

- 6.28** The objectives of this programme are:
- a) to further the success of UK producers of alcoholic drinks and UK traders in these products by promoting the development of an environment within which markets can thrive, having regard to the interests of consumers;
 - b) to ensure that EU arrangements for these products and their markets are as cost effective and efficient as possible; and
 - c) to pursue effective enforcement of EU alcoholic drinks legislation in the UK and throughout the EU in the interests of UK producers, consumers and tax payers.

6.29 Through this programme MAFF sponsors and represents the interests of the industry in the development of UK and EU policy. This includes contributing to the formulation, implementation and enforcement of both EU and domestic legislation in the alcoholic drinks sector. Regular contact is maintained with producer and trade representatives.

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6.30 Enforcement of legislation in the UK is carried out by local authorities, HM Customs & Excise, and, in the case of wine, the Wine Standards Board, a Non-Departmental Public Body sponsored by MAFF through this programme (for further details see below). MAFF works with these organisations to ensure effective and appropriate enforcement.

6.31 Exports of spirits world-wide were worth £3.4 billion. Of this, Scotch Whisky exports were worth almost £2.4 billion in 1997, of which almost £1.6 billion went outside the EU. The IB administers payments of export refunds to whisky distillers in respect of exports from the EU, reflecting the gap between EU and world cereal prices. IB costs, fully met by the EAGGF, are rising as the price gap has been increasing. Expenditure for 1998/99 is estimated at £16.4 million, in contrast to expenditure of £6.9 million in 1997/98.

6.32 The English and Welsh wine industry receives no UK or EU assistance. Expenditure under the CAP wine regime in the UK is limited to subsidies on the price of concentrated grape must or juice of EU origin used to produce ‘made’ wine from imported grape must. This subsidy, administered by the IB, is designed to encourage the use of EU must. The British wine industry and the makers of home wine kits receive a subsidy of 16p and 21p per kilogram respectively. The estimated cost of the scheme in 1998/99 is £0.55 million.

Table 6.1: Alcoholic Drinks Production and Trade 1997

'000 hectolitres of pure alcohol	Spirits	Beer	Wine ^(a)	Cider, Perry and made wine ^{(a) (e)}
UK Production	4868	2406	13	300
Trade ^(b)				
Imports	463	274	1043	15
Exports	3428	125	50	14
Value of production in £'million ^{(c) (d)}	1965	6054	–	649

(a) Wine manufactured from imported grape must.
(b) Data are provisional and subject to amendment.
(c) Figures are 1995 and are the latest available.
(d) Comprises sales of goods produced, receipts for work and services rendered.
(e) These figures relate to the amounts released for consumption in 1997 rather than amounts produced.

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6.33 MAFF participated in Whitehall/industry discussions relating to, among others, HM Customs & Excise's Alcohol and Tobacco Fraud Review, and the unit labelling of alcoholic products.

6.34 MAFF provided support to the Scotch Whisky Association in its action against a company which had been marketing an under-strength product and which was successfully challenged before the European Court of Justice.

CAP negotiations

6.35 Part of the programme is devoted to on-going negotiation in Brussels of the EU arrangements covering alcoholic drinks to ensure that they are as cost effective and efficient as possible. These include regime expenditure (described above) as well as legislation on the production, composition, marketing, presentation and labelling of these products.

6.36 In July 1998, the European Commission presented revised proposals for reform of the wine regime which replaced earlier proposals (made in 1994) which had not attracted a consensus among Member States. MAFF represented UK interests in the discussions which took place in the latter part of 1998, and are continuing. The intention is to conclude the negotiation as part of the Agenda 2000 package.

6.37 In 1999 MAFF will continue to contribute to the development of EU policy to further the interests of the UK industry, consumer and tax payers. In particular, MAFF will continue to press for a conclusion of the Commission's wine reform proposals consistent with UK objectives.

The Wine Standards Board

6.38 The Wine Standards Board (WSB) is a Non-Departmental Public Body whose function is to ensure compliance with EU wine law in the UK at all stages other than retail. It provides technical advice, undertakes inspections of establishments and follows up irregularities, including the prosecution cases. It maintains close links with other enforcement authorities both in the UK and abroad. The Vintners' Company, a City livery company, contributes £105,000 annually to its costs, as well as a subsidy on accommodation. MAFF's contribution in 1998/99 is budgeted at £379,000. The Wine Standards Board produces an Annual Report detailing its activities and achievements against targets which is deposited in the Libraries of the Houses of Parliament.

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6.39 The Wine Standards Board has published a Code of Enforcement which is made available to all traders and vineyard owners. This sets out the standards of service to be expected from the Inspectorate. In 1999 this code will be replaced by an Enforcement Concordat.

6.40 In 1998, a new Chief Executive was appointed who has been undertaking a thorough review of the operation of the WSB. It is expected that she will make her recommendations to the WSB's Management Committee in 1999.

Enforcement Concordat

The Enforcement Concordat, launched by the Government on 5 March 1998, sets out a blueprint for fair, practical and consistent enforcement across the country. The emphasis is on helping business to comply whilst retaining full power to penalise offenders (copies can be obtained from Better Regulation Unit, Cabinet office, Horse Guards Road, London SW1P 3AL).

Twelve MAFF Inspectorates/Agencies are working towards adopting the Concordat early in 1999, by incorporating it into their Codes of Enforcement or Service Standards. This involves amending and building on existing service standards, publishing clear standards and complaints procedures, and assessing performance against those standards. Policies and procedures include being open and helpful, acting consistently and proportionately, distinguishing best practice from legal requirements, giving businesses a chance to discuss and remedy problems before enforcement action is taken, unless immediate action is required, and where immediate enforcement action is required giving written confirmation, usually within 5 working days. The Agencies will produce annual reports on their performance.

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Beef (Policy)
 Programme Code TM:050

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	593,141	465,804	438,808	419,479	414,476
<i>of which:</i>					
a) Current					
i) Running Costs	865	865	864	874	881
ii) Scheme Costs (including R&D)	1,533	1,533	1,541	1,532	1,522
iii) IB Scheme	590,739	463,402	436,399	417,069	412,069
iii) Receipts	0	0	0	0	0
b) Capital (net)	4	4	4	4	4
Annually Managed Expenditure (AME)	238,831	294,300	187,159	217,803	217,063
EU Receipts¹	-580,230	-634,246	-454,963	-482,039	-482,039
Programme Total	251,742	125,858	171,004	155,243	149,500

1997 production 696 tht; output £2,269m; imports 232 tht; exports 12 tht.
 1998 production 694 tht; output £1,943m.
 This was part of programme CE1:20 in the old programme structure. Programmes that include payments made under the CAP have been split into two parts; the "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the "RSC Admin." part covers the administrative cost of making the scheme payments. This programme also contributes to objective 3.

- 6.41
- The objectives of this programme are:
- a) to promote and protect the interests of UK consumers, producers, traders and processors in the beef sector,

b) to ensure that CAP decisions affecting the sector take due account of UK interests and are cost and resource effective,

c) to help promote production and marketing patterns, which reflect the needs of domestic consumers, in consultation with the industry, and

d) to avoid intervention in the UK except in an emergency.

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Beef regime

6.42 The CAP beef regime is intended to provide a single market for beef, ensuring harmonised beef prices and protection from cheap imports. This includes; direct aid to producers in the form of premium payments, intervention purchasing, and a system of export subsidies and import tariffs.

6.43 The main task of the programme during the year was to cope with a continuing market disturbance in the beef sector arising from the concerns about the possibility of a link between BSE and a new variant of CJD, high levels of imports as a result of the strength of sterling and continuing over supply.

6.44 The scheme costs include UK market support expenditure by the IB and payments under schemes run by the Agriculture Departments. The majority of these costs are fully funded by the EU. Expenditure under this programme also includes BSE related measures including supplementary premium payments, aid to the disposal chain, the Over Thirty Month Slaughter Scheme (OTMS) and the Calf Processing Aid Scheme (CPAS), but not the selective cull or additional SBM enforcement measures which are contained within programme PH:010, BSE and Scrapie. The intervention costs (which arise at least in part from the BSE crisis) are shown here.

6.45 The major decisions and actions taken during 1998 were as follows:

- a) On 23 November 1998 agreement was reached in Brussels for the resumption of beef exports from the UK from animals born after 1 August 1996 under the Date Based Export scheme.
- b) In March, payment began of a first tranche of agrimonetary compensation, worth £72.5 million for suckler cow producers. On 16 November, it was announced that the same sector would benefit from a second tranche of compensation, worth £48.3 million. By the end of the year the vast majority of these payments had been distributed.
- c) On 29 July, as part of the CSR the Government announced that, due to disappointing uptake, the UK would not participate in the EU Surplus Food Scheme in 1999.
- d) EU agreement was reached which, from 1 June, allowed beef exports to resume from Northern Ireland under the Export Certified Herd Scheme.
- e) In September, EU agreement was reached to increase advances under the 1998 BSP and SCP Schemes from 60% to 80% in view of the depressed market.

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- f) On 29 July, following consultation with the industry and the outcome of the Comprehensive Spending Review, the Government announced that the Calf Processing Aid Scheme would close on 30 November. On 16 November the Government announced that the scheme would continue to operate for the remainder of the financial year at a reduced rate of aid, and that the position would be kept under review.
- g) In July the Beef Labelling Scheme, set up by Council Regulation 820/97, came fully into force.
- h) From 1 July, the remaining derogations from normal rules on intervention buying in the beef sector introduced in the wake of the BSE crisis (increased weight limit and increased processor margin) expired.
- i) On 29 July 1998 the Government announced that it would not make use of the EU Early Retirement Scheme as an initial step in restructuring the beef industry.
- j) On 16 October 1998, because of the collapse of the Russian market, it was agreed to extend intervention arrangements for the island of Ireland to include class 04 category steers. In addition, the maximum carcase weight for intervention was increased to 360kg and the processor margin to 14ecu/100kg for all Member States. These arrangements were due to apply for the last four tenders of 1998. However, because of continued difficulties on the Russian and Asian markets, it was agreed on 11 December that they should continue until the end of March 1999.

6.46 A fundamental reform of the EU beef regime is required to bring supply and demand into better balance. The Commission have proposed a number of measures for beef to be implemented over the period 2000-2002. These include a 30% reduction in the intervention price. This would enable unsubsidised exports, in the hope of developing new export outlets. The income loss to farmers from the price cut would be offset by increases in direct payments to producers. Negotiation on these proposals is expected to be the main task in 1999.

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Over Thirty Month Slaughter Scheme (OTMS)

6.47 The ban on sale for human or animal consumption of meat from animals over 30 months of age came into force in March 1996. The EU Regulation setting up the OTMS was published on 29 April 1996 with the first animals slaughtered on 3 May that year. The scheme is operated by the IB, and animals slaughtered under it are treated in isolation from those for human consumption. By the end of 1998 some 2.9 million animals had been slaughtered under the scheme.

Calf Processing Aid Scheme (CPAS)

6.48 Since the inception of this scheme in April 1996 more than 1.7 million calves have been slaughtered, giving valuable assistance to a sector affected by a sudden change in market conditions.

Beef Labelling Scheme (BLS)

6.49 The BLS came fully into force on 1 July. The aim of this scheme is to improve the quality and reliability of beef labels for consumers, and thereby to improve consumer confidence in beef. By the end of 1998 the Government had approved more than 1,500 applications under the scheme with the result that the overwhelming majority of beef sold to consumers at retail level in the UK is being sold under approved labels.

Beef Consumption

6.50 UK beef consumption has been falling at about 2.5% per year over the last decade. Public concern about BSE in November 1995 and March 1996 resulted in further falls of 10% and 20% respectively. During 1998 the increase in consumption seen in 1997 levelled out and consumption is now expected to have returned to its previous downward trend.

Beef Market

6.51 During 1998, GB clean cattle market prices (steers, heifers and young bulls) averaged around 11% below 1997 levels and 30% below 1995 (i.e. pre-crisis). This may in part be due to the shorter finishing time imposed by the thirty month ban which is thought to be affecting the quality of finished animals, but over-supply and the strength of sterling are also adding to the depression. Prices are likely to remain at a low level, although the resumption of exports from NI may help. However, UK imports of beef fell during 1998 and by the end of October were down 23% on the same period last year.

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6.52 Intervention buying during 1998 reduced dramatically compared to the high levels of purchasing in 1997 and 1996. During the course of the year, almost 27,000 tonnes was accepted into intervention in the EU of which over 10,000 tonnes was accepted in NI and none in GB. The Commission are now focusing on selling accumulated intervention stocks through a number of sales for both internal and export markets. Recent sales of beef for processing have been priced at a level which is intended to enable them to compete with imports from third countries.

6.53 The lifting of the ban on exports of beef from Northern Ireland was the first crucial step towards lifting the ban for other parts of the UK and to regaining lost international markets. We obtained a further freeze in the support price making the sector more competitive. We have resisted intervention buying except where exceptional market circumstances prevailed in order to make the industry more market orientated. The Government has continued to support various initiatives to help promote consumption and restore consumer confidence in beef. These have included Farm Assured Schemes, the Assured British Meat initiative and various measures to improve consumer confidence such as beef labelling, raising hygiene standards and improving cattle traceability.

CAP negotiations

6.54 We have been seeking reform of the EU beef regime in the context of discussions on the Commissions proposals for the regime as part of Agenda 2000. The current proposals will provide for a significant reduction in beef prices and enable the sector to become more market orientated. We have been active in seeking to ensure that the proposals are not diluted and that compensation for the reduction in prices is kept to a minimum, and will be degressive and time limited. Attempts to persuade the Commission and other Member States to carry out some reform of the sector earlier have been limited as a result of the focus on the Agenda 2000 proposals. However, the support price for beef was maintained at the same level for the fourth year running.

Research and Development

6.55 The focus of this programme is on improved sustainability in beef production systems, including improvement to meat quality. Recent advances in the programme include the establishment of a cattle resource herd, a major UK initiative which will be used to identify quality traits of value to the beef industry, studies on improving beef suckler herds and upland

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beef production systems, forages for beef production, and research to optimise fat content and composition in beef to improve eating quality and to meet government guidelines on healthy eating. It is anticipated that “Sustainability” will remain the focus of the programme in the near future, while providing the livestock farmer with the tools to help regenerate the UK beef industry.

Sheep (Policy)
Programme Code TM:060

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	3,459	3,459	3,433	3,420	3,404
of which:					
a) Current					
i) Running Costs	405	405	404	414	422
ii) Scheme Costs (including R&D)	3,050	3,050	3,025	3,002	2,978
iii) Receipts	0	0	0	0	0
b) Capital (net)	4	4	4	4	4
Annually Managed Expenditure (AME)	134,595	140,073	132,600	146,766	146,766
EU Receipts	-134,595	-140,073	-132,600	-146,766	-146,766
Programme Total	3,459	3,459	3,433	3,420	3,404

1997 production 351 tht; output £1,199 m; imports 150 tht; exports 136 tht.
1998 production 382 tht; output £1,142 m.
This was part of programme CE1:21 in the old programme structure. Programmes that include payments made under the CAP have been split into two parts; the “Policy” part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the “RSC Admin.” part covers the administrative cost of making the scheme payments. This programme also contributes to objective 3.

6.56 The objectives of this programme are to seek to ensure that the EU sheep market is managed efficiently and cost-effectively and has due regard to the interests of the UK.

Sheepmeat regime

6.57 The principal aim of the regime is to ensure a single, harmonised market for sheepmeat and goatmeat throughout the EU, and to guarantee

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for producers a common level of support calculated against the EU basic price. This support is achieved through the annual ewe premium (known in the UK as the Sheep Annual Premium Scheme), a deficiency payment paid on breeding ewes and, in certain areas of the EU, though not in the UK, on breeding goats.

Sheep market

6.58 UK market prices in the sheep sector fell steadily in early 1998 due to a larger than usual percentage of the 1997 lamb crop being carried over into the 1998 season because of the unseasonably wet weather during the previous summer which delayed lamb finishing. Prices rose steadily from mid-March when the bulk of these animals had been marketed before declining rapidly in the autumn reflecting a decline in our traditional export markets owing to the strength of sterling coupled with a second consecutive wet summer which affected the quality and quantity of lambs auctioned at the traditional autumn sales.

Market Support

6.59 The sheepmeat Private Storage Aid Scheme (PSAS), administered by the IB, is an EU-wide scheme funded by the EAGGF and can be triggered if the EU market price and the market price in any individual Member State fall below a certain percentage of the seasonally adjusted basic price. Private Storage Aid operated in the UK in March 1998 for a maximum of 3,000 tonnes of sheepmeat to be taken into store at a flat rate of aid of 1,400 euro per tonne and again in October 1998 for a maximum of 2,400 tonnes also at a flat rate of aid of 1,400 euro per tonne. IB receipts, arising from the recovery of sheep export levies in operation until January 1992 but delayed by legal challenges, are estimated at a maximum of £2.5m, depending on the outcome of the legal action.

Sheep Annual Premium Scheme

6.60 The first advance of the 1998 SAP was set at £5.45, 36% up on the equivalent advance in 1997. The second advance was set at £4.98, 44% up on the equivalent advance in 1997. The final rate of premium was set at £16.00, 38% up on the equivalent final rate in 1997. Balance premium payments of £5.57 will be paid to producers in the spring of 1999. £12.5 million of agri-monetary compensation was paid to UK sheep producers in the spring of 1998; £4.9million of this went to producers in England.

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Wool

6.61 The British Wool Marketing Board continued to operate its statutory obligation to collect and sell almost all UK fleece wool.

The Way Ahead

6.62 The plans for the future are:

- a) to press the Commission to propose reforming the EU sheepmeat regime in the light of the reduction in institutional prices in other sectors proposed under Agenda 2000, and
- b) to seek to reduce the continuing high costs of the sheepmeat regime in particular by reducing the basic sheepmeat price.

6.63 MAFF obtained a further freeze in the sheepmeat support price making the sector more competitive and have resisted Private Storage Aid except where exceptional market circumstances prevailed in order to make the industry more market orientated. The Government has continued to support various initiatives to help promote consumption and strengthen consumer confidence including Farm Assured Schemes and the Assured British Meat initiative.

CAP negotiations

6.64 The sheepmeat regime is a 'light' one and it is therefore difficult to achieve radical CAP reform. Nevertheless, we have been seeking reform of the sheepmeat regime in the context of discussions on the Commissions proposals for reform of the beef regime as part of Agenda 2000. Sheepmeat market prices will become less competitive compared with other meats if the current proposals are accepted; the budgetary cost of maintaining the current regime will therefore rise. We are therefore pressing for a reduction in the support price for the sheepmeat sector.

Research and Development

6.65 This programme focuses on improved sustainability for sheep production. The main thrust of the programme is on the use of sheep genetics to improve the national flock, with plans to set up a UK sheep genome project. Improvements in carcase composition are being monitored using X-ray Computed Tomography while research to improve sheepmeat composition and eating quality through alterations in fatty acid composition is underway. It is likely that the improvement of the national flock through genetic selection will remain a focus for the programme in the future. A major programme on grass and legume breeding aims to develop new varieties

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with improved growth and nutritional qualities, while work is being carried out on new procedures for feeding fresh and ensiled high protein crops. There is an active programme of Technology Transfer/Interaction which ensures that new results reach their target audience. The programme has had a number of successes recently, most notably the nuclear transfer work which led to the birth of Dolly the cloned sheep. In addition, new grass and clover varieties are being added to the UK Recommended Lists each year.

Pigmeat
Programme Code: TM:070

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	1,794	1,794	1,784	1,776	1,768
of which:					
a) Current					
i) Running Costs	228	228	227	229	231
ii) Scheme Costs (including R&D)	1,562	1,562	1,553	1,543	1,533
iii) Receipts	0	0	0	0	0
b) Capital (net)	4	4	4	4	4
Annually Managed Expenditure (AME)	2,342	1,479	2,446	2,289	2,087
EU Receipts	-2,342	-1,479	-2,446	-2,289	-2,087
Programme Total	1,794	1,794	1,784	1,776	1,768

1997 production 1,087 tht; output £1,191 m; imports 474 tht; exports 251 tht.
1998 UK production 1,133 tht; output £873m.
This was programme CE1:22 in the old programme structure. This programme also contributes to objective 3.

- 6.66** The objectives of this programme are:
- a) to ensure that EU policies affecting the pig industry take full account of UK interests,
 - b) to promote the well-being of the British pig industry, and
 - c) to ensure that the Meat and Livestock Commission (MLC) operates in accordance with legislation and central guidance.

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Pigmeat

6.67 The CAP pigmeat regime requires producers to look to the market for their returns. It provides only limited indirect support measures, operated by the IB, through a system of import tariffs, export refunds, aids to private storage and exceptional support measures. The costs are fully reimbursed from the EAGGF. MAFF's scheme costs represent the MLC Commissioners' salaries and expenses and payments to ADAS.

6.68 The pigmeat market is cyclical, with a large variation in market prices between peak and trough. Due in part to a reduction in supply because of animal disease problems in the Netherlands, Belgium, Germany and Spain, market prices reached very high levels during the spring/early summer of 1997. Since that time, however, production has increased faster than demand and prices have fallen; in September 1998, prices in real terms, were at a low point not seen for 25 years. Within the UK, the high value of the pound was a factor, but the market was under pressure throughout the EU. Indeed, in some countries, prices were as low if not lower than in the UK. This poor market situation was due to increased production and a reduction in demand, especially in important export markets such as Russia and the Far East.

6.69 During this sustained fall in prices, pig production became very unprofitable. Even though low feed costs helped producers, all were still losing money on every pig sold. This crisis situation started to ease a little in the final weeks of 1998 but profitability is not expected to return until the early summer of 1999. With feed prices forecast to remain low, and a likely decrease in production, any upturn in the market could be maintained into 2000.

6.70 Because of the depressed state of the industry, progress has been slow on the key tasks identified in the 1998 Report. Different sectors of the industry have been reluctant to commit themselves to building closer relationships, as recommended in the ADAS Report on Competitiveness in the British Pig Industry. Nevertheless, work has continued on developing farm assurance and a number of different schemes in the pig sector are to be brought together under the British Quality Standard for Pigmeat umbrella.

6.71 On 7 July 1998 Lord Donoughue, Minister for Farming and the Food Industry, hosted a seminar in London directed at caterers. It was the first part of a programme of events aimed at improving communication and understanding between the domestic pigmeat industry and the catering and

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food service sector. The ultimate objective of this programme (which was run in conjunction with the Meat and Livestock Commission) was to increase the usage of pigmeat products in the important catering sector, thereby improving market opportunities for UK pig producers.

The Meat and Livestock Commission (MLC)

6.72 The MLC's main objectives are to improve the efficiency and competitiveness of the British redmeat industry in order to help it meet consumer requirements and to exploit marketing opportunities in the EU and in third countries. During the year the Government continued to work closely with the MLC on a large number of issues, including BSE and beef promotion, pigmeat promotion and action aimed at expanding the market, the annual report and accounts and the corporate plan. Eight new Commissioners were appointed on 1 October 1998 and four Commissioners were re-appointed. A five-year policy review of the MLC began in June 1998 and this is expected to be completed during 1999.

Future Plans and Key Tasks

- 6.73** Activities in the coming year will seek to:
- a) encourage the industry to make further progress on meeting consumer needs and to develop closer working relationships between the various sectors of the industry;
 - b) ensure that the British pig industry is not unfairly disadvantaged by animal welfare and environmental protection measures; and
 - c) keep in touch with the issues of interest to the farmed deer and ostrich industries.

Research and Development

6.74 This programme focuses on efficient and sustainable pig production methods, capable of producing the high quality product that consumers demand. Genetics forms an important part of the programme: theoretical genetics to develop tools for use in pig breeding programmes; research to understand the genetic control of nutrient requirements and utilisation for pigs; and the genetics of muscle development and meat quality. There is a large programme to identify and utilise genetic markers for quality traits for pig production, and much of this work has been co-funded by industry. Recent successes include the identification, and patenting, of a genetic marker which correlates with meat quality. The programme also includes work on feeding and production systems to improve the eating quality of pigmeat and reduce the impact of pig production on the environment.

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Eggs and Poultry
Programme Code: TM:080

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	2,487	2,487	2,230	2,213	2,189
of which:					
a) Current					
i) Running Costs	1,141	1,141	1,139	1,130	1,115
ii) Scheme Costs (including R&D)	1,334	1,334	1,079	1,071	1,062
iii) Receipts	-10	-10	-10	-10	-10
b) Capital (net)	22	22	22	22	22
Annually Managed Expenditure (AME)	1,178	1,172	2,539	2,538	2,533
EU Receipts	-1,178	-1,172	-2,539	-2,538	-2,533
Programme Total	2,487	2,487	2,230	2,213	2,189

1997 UK poultry production 1,508 tht; output £1,482m ; imports 276 tht; exports 213 tht.

1998 UK poultry production 1,534 tht; output £1,344m

1997 UK hen egg production 901m doz; output £428m; imports 71m doz; exports 26m doz.

1998 UK hen egg production 901m doz; output £400m;

This was programme CE1:23 in the old programme structure. This programme also contributes to objective 3.

- 6.75** The objectives of this programme are:
- a) to promote the interests of UK consumers, traders, producers, and processors of eggs and poultry,
 - b) to promote the efficiency of the UK egg and poultry industries and to ensure their ability to trade under conditions of fair competition,
 - c) to seek to ensure that the CAP regime for eggs and poultry is effective and efficient in its use of resources and takes account of the needs of the UK trade and industry and consumers, and
 - d) to maintain quality standards in the egg and poultrymeat market by applying economically the EU Egg Marketing Regulations and Poultrymeat Marketing Regulations in England and Wales.

6.76 The CAP regime for eggs and poultry requires producers to look to the market for their returns. It provides only limited indirect support

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measures, through a system of import tariffs, additional duties (if the market is threatened by low priced imports) and export refunds to compensate for higher production costs in the EU. The latter are administered by the IB and the costs fully reimbursed from the EAGGF. The operation of the regime is constrained by commitments made under the GATT Uruguay Round. In particular, subsidised exports are subject to limits on volume and expenditure, which apply progressively each year until the year 2001. The Commission, in implementing these restrictions in GATT Year 4 (commencing 1 July 1998), reduced the quantities of refunds available for chicken cuts and completely removed refunds for turkey meat. The UK secured increases in the rates of export refunds for shell eggs, egg products and egg ingredients in processed goods during 1998 to assist in alleviating the oversupply situation on the EU egg market. EU additional duty action was triggered on several occasions to protect the EU market against low-priced third country imports of poultry meat.

6.77 The EU marketing standards for eggs are enforced by the Egg Marketing Inspectorates in England and Wales, Scotland and Northern Ireland. The Inspectorates are responsible for enforcing standards from farm to retail at which point the local authorities take over. MAFF administration costs include the England and Wales Inspectorate, which operates on Citizen's Charter principles including publication of an Annual Report. The EMI met its Citizen's Charter targets, increased the number of inspections and uncovered a significant number of fraudulent 'free-range' labelling claims. Anticipated work on reviewing the special marketing terms Egg Marketing rules was halted whilst the welfare discussions continued. In the UK Presidency a Council Working Group was held to identify the economic aspects to the welfare proposals.

6.78 Work on a new Great Britain enforcement regime for the EU Poultrymeat Marketing Regulations was progressed with 2 public consultations held during 1998. The Inspectorates carried out preparatory exercises in readiness for the implementation of the enforcement regime, which are expected to come into force by April 1999.

6.79 In 1998 egg prices were low due to an oversupply of shell egg as a result of an increase in chick placements and a decline in consumer consumption. The alternative system producers (eg. free range) remained profitable but the cage sector found it hard to break even. Despite good domestic sales, industry profits of the poultrymeat sector came under severe pressure from increasing imports of cheap poultrymeat, particularly chicken

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breast meat from third countries such as Brazil and Thailand, which undercut British production and forced prices to low levels. A knock on effect of cheaper imports was the decline of the traditional markets for meat from spent hens (ie egg laying and breeding hens that have reached the end of their productive life). UK spent hen meat was used in the production of processed products such as soups, pies and pastes but was unable to compete with the cheaper imported breast meat and cooked chicken meat. The situation was made worse by the combination of several other factors such as the oversupply of layers prompted by good egg prices in 1996; the cheaper production costs of imported poultrymeat when compared with the low meat yielding spent hens; and, to a lesser degree, the drop in consumer demand for soups and similar products brought about by the mild winter.

Future Plans and Key Tasks

- 6.80** Activities in the coming year will seek to:
- a) maintain additional import duties under WTO safeguard provisions where needed to protect the EU market from low priced imports,
 - b) ensure that the regime for allocation of export refund licences and preferential quota in GATT Year 5 (commencing 1 July 1999) does not further discriminate against the UK egg and poultry industries,
 - c) negotiate within the Eggs and Poultry Management Committee changes to shell egg special marketing term criteria, dependant on the concurrent welfare discussions,
 - d) monitor the effectiveness of the UK enforcement regime for poultrymeat marketing standards and lobby for practical changes to EU regulations as appropriate,
 - e) negotiate within the Eggs and Poultry Management Committee on detailed rules on the water content of frozen poultry cuts, and
 - f) ensure that the Statutory Instrument implementing the GB enforcement regime for poultrymeat marketing is within UK legislation by 1 February 1999.

Research and Development

6.81 This programme aims to improve the efficiency of poultry production, maximising the genetic potential of modern breeds and reducing losses due to inefficient feed utilisation. The programme also includes research on the development of new technologies for integrated management systems. Research is under way to establish the nutrient requirements for modern broiler breeds and to identify novel sources of dietary protein from home grown crops. Current studies also include research to identify chromosomal

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markers associated with meat quality traits, to assist in the genetic selection of birds with higher quality meat, and work to understand the genetic basis of gender and reproductive performance, to reduce the losses in the industry due to infertility.

Milk and Milk Products (Policy)
Programme Code TM:090

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	3,332	3,332	3,311	3,283	3,250
of which:					
a) Current					
i) Running Costs	542	542	541	535	523
ii) Scheme Costs (including R&D)	2,786	2,786	2,766	2,744	2,723
iii) Receipts	0	0	0	0	0
b) Capital (net)	4	4	4	4	4
Annually Managed Expenditure (AME)	172,347	177,434	202,344	192,654	186,421
EU Receipts	-172,347	-177,434	-202,344	-192,654	-186,421
Programme Total	3,332	3,332	3,311	3,283	3,250

1997 UK raw milk production 14,138 million litres; output £3,080m.
1998 UK raw milk production 13,932 million litres; output £2,677m.
1997 milk and milk products imports 711 tht; £1,094m; exports 594 tht; £721m.
1996 milk and milk products imports 657 tht; £1,171m; exports 484 tht; £713m.
This was part of programme CE1:24 in the old programme structure. This programme also contributes to objective 3.

- 6.82** Through the Milk and Milk Products programme, the Government seeks:
- a) to encourage the development of a competitive market for milk and milk products and to defend the interests of UK consumers, producers, processors and traders;
 - b) to ensure that the formulation and implementation of EU legislation reflects the circumstances of the UK dairy industry;

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- c) to press for reform of the EU dairy regime consistent with the UK's aims for the dairy sector; in particular, the gradual phasing out of both price support and production controls; and
- d) to ensure that the Milk Development Council operates within its statutory remit and delivers value for money to its levy payers.

6.83 Through this programme, the Government sets the framework within which the IB administers the operation of the support mechanisms of the EU dairy regime in the UK, including milk quotas, intervention for butter and skimmed milk powder (SMP), aid for the use of butter and SMP, EU promotional funds, import and export licensing and export refunds.

6.84 In 1997-1998, the level of milk quota remained unchanged at 14.2 billion litres. UK production exceeded quota by 126 million litres (0.89 per cent) which incurred a provisional superlevy of £32.1 million. This compares with over-production of 54 million litres (0.38 per cent) and superlevy of £14.7 million in 1996-1997 quota year.

6.85 Throughout the year, despite the financial crises in Russia and the far east, the EU market for butter continued to be strong and intervention remained closed in all Member States. UK stocks of intervention butter fell from around 2,280 tonnes at the start of the year to around 690 tonnes at the end. Conversely, world markets for milk powders weakened further throughout 1998. During the March to August period when intervention for skimmed milk powder was open around 30,500 tonnes were brought into UK stores compared to around 19,100 tonnes in 1997. Intervention stocks for skimmed milk powder in UK stores increased from around 46,400 tonnes at the start of the year to around 77,150 tonnes at the end.

6.86 After reviewing the operation of the Milk Development Council during 1997, the Government renewed its remit for a further five years from February 1998, appointing new Council members in accordance with the Nolan guidelines on appointments to public bodies. The new Council is pushing forward its programme of work to fulfil its mission to enhance the technical strength and improve the competitive position of Great Britain's dairy farmers.

6.87 In March 1998, during the UK Presidency of the EU, the European Commission published its proposals to reform the EU dairy regime as part of the Agenda 2000 package. Substantive negotiations on the dairy reform proposals began under the chairmanship of the UK. These negotiations, in

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which the UK will continue to play a full role, are expected to conclude during 1999.

6.88 The Government reviewed the administration of the EU school Milk Subsidy Scheme in the UK. As a result, the IB has taken steps to improve the accessibility of the scheme to individual schools and education authorities.

6.89 Following the European Court of Justice (ECJ) ruling in case C-165/95, affecting the allocation of SLOM 3 milk quota, the Government identified and contacted all milk producers potentially affected by the judgement (SLOM is a Dutch acronym for the non-marketing of milk schemes introduced by the EU in the late 1970s and early 1980s). Where appropriate, the SLOM 3 milk quota allocations of these producers have been reassessed in the light of the ECJ ruling with a view to the allocation of additional quota.

Plans

6.90 During 1999, the Government plans:

- a) to continue, in the context of the Agenda 2000 negotiations, to press for reform of the dairy regime which will leave the UK dairy industry unconstrained by production controls and free to compete for a share of the world market for milk and milk products;
- b) to implement, in the UK, the outcome of the EU reform negotiations in a manner consistent with the structure and needs of the UK industry; and
- c) to continue to defend the UK position in the EU Commission Milk and Milk Products Management Committee meetings.

Research and Development

6.91 A major focus of this programme is on research to improve the reproductive efficiency of the modern dairy cow, since a steady decrease in fertility in the UK dairy herd is a major economic drain on the industry. Other important research includes the identification of alternative forage sources for improved traceability, improving rumen function, optimising grazing systems and developing non-invasive procedures to monitor the health and performance of the high yielding dairy cow. The cumulative gains that improved breeding techniques can produce in the national herd are being researched in studies on theoretical genetics and the establishment of a

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cattle resource herd which will be used to identify quality traits of value to the dairy industry. Recent research findings have provided a method for farmers and their vets to identify and distinguish a number of problems that impair the cow's fertility, by measuring the reproductive hormone progesterone in milk samples, and to take appropriate action to correct these, significantly improving the reproductive performance of the dairy herd.

Horticulture, Potatoes and Mediterranean Crops
Programme Code: TM:100

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	18,115	18,115	17,990	17,850	17,678
of which:					
a) Current					
i) Running Costs	4,235	4,235	4,227	4,186	4,112
ii) Scheme Costs (including R&D)	13,944	13,944	13,827	13,728	13,630
iii) Receipts	-81	-81	-81	-81	-81
b) Capital (net)	17	17	17	17	17
Annually Managed Expenditure (AME)	13,564	15,426	15,066	18,343	17,777
EU Receipts	-13,124	-14,804	-14,771	-18,125	-17,777
Programme Total	18,555	18,737	18,285	18,068	17,678

Horticulture: 1997 UK output £1,801m; imports (including from the Channel Islands) £2,741m; exports £97m.
Horticulture: 1998 UK output £1,896m.
Potatoes: 1997 UK production 7,125 tht; output £382m; imports 1,031 tht (of which 752 tht processed-raw equivalent); exports 362 tht (of which 114 tht processed-raw equivalent).
Potatoes: 1998 UK production 6,505 tht; output £639m.
This merged programme comprises former programmes CE2:02 Horticulture, CE2:01 Potatoes, CE1:11 Oilseeds and Other Arable Crops (fodder crops and olive oil only) and CE1:12 Sugar and Tobacco (tobacco only). This programme also contributes to objective 3.

- 6.92** The objective of this programme is to
- a) assist the UK horticultural industry to become more viable, competitive, sustainable and responsive to the needs of consumers within a precarious market, and
 - b) promote the more efficient production, processing and marketing of potatoes and potato products.

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Fruit and Vegetables

6.93 The programme includes administration of the EU regimes for fresh and processed fruit and vegetables; and EU orchard grubbing schemes. Both regimes cover common rules for trade with third countries and export refunds for a limited range of products. The regime for fresh fruit and vegetables provides: aid for recognised producer organisations to implement approved operating programmes, introduced when the regime was reformed in 1996; marketing standards; and withdrawal of certain produce from the market. Fruit and vegetable growers can no longer rely so much on the intervention system to support market prices. The regime for processed fruit and vegetables, which provides production aid for the processing industry to enable it to compete on world markets, is of little direct interest to UK as the products eligible for aid are not grown commercially. IB scheme costs include EU funding to producer organisations for approved operational programmes at 50% of eligible expenditure and full reimbursement for compensation for withdrawal of produce from the market and for the orchard grubbing scheme.

6.94 The objective of the reformed regime is to reduce reliance on intervention by bringing about far greater market orientation among EU growers and by reducing both the rate of compensation for withdrawal from the market and the quantities of produce which can be withdrawn. Operational programmes, which may last from 3 to 5 years, must include certain measures to improve environmentally sound cultivation methods, and a number of other objectives to improve production and marketing.

6.95 In the first year of operation, 61 operational programmes were approved, 55 of which were programmes in England, 3 in Scotland, 2 in Northern Ireland and 1 in Wales. Work included in operational programmes in 1997 attracted £5.7 million in EU grant. There is a potential for grant of £10 million to be paid on work in the 1998 element of programmes. Compensation for withdrawals in the UK was approximately £2.1 million in 1997/8.

6.96 As agreed during the reform of the regime for fresh fruit and vegetables, an EU scheme to provide for the grubbing up of orchards was introduced in late 1997 to reduce the surplus of apples, pears, peaches and nectarines. The UK was allocated a total of 305 hectares out of a total of 10,000 hectares of apples and pears to be grubbed up across the EU. Allocation was based on planted area, production and quantities withdrawn. In view of the relatively small area allocated to the UK, the industry agreed

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that growers who had received grant under previous grubbing schemes should be excluded and priority should be given to the most productive orchards in accordance with the objectives of the scheme. Payments, totaling around £0.8 million were made to 46 applicants.

Plants and Flowers

6.97 The EU regime for flowers and plants provides for the application of preferential customs duties for roses and carnations from certain third countries and minimum quality standards for products such as cut flowers and bulbs. An EU promotion scheme provides 60% EU funding for sector based promotional activity, with the remaining funding provided by industry for three years from 1997/8. The UK was allocated approximately £0.8 million for 1997/8, and approximately £0.6 million for 1998/9.

Horticultural Marketing Inspectorate

6.98 The EU marketing standards for fresh fruit and vegetables and flowers are enforced in England and Wales by the Horticultural Marketing Inspectorate. Scotland and Northern Ireland have their own arrangements. The Inspectorate is responsible for enforcing the standards at all stages of the distribution chain from import or, for UK produce, point of packing, up to and including retail stage. MAFF running costs include the costs of the Inspectorate. The Inspectorate works to a Code of Practice under the Citizen's Charter.

Hops

6.99 The EU regime for hops, which is 100% reimbursed by the EU, aims to improve quality through a system of certification, and support growers by payment, through producer organisations, of income aid. Recent amendments of the regime included the setting of a flat aid rate of approximately £325/ha for all varieties of hops produced in 1996-2000.

6.100 Aid for hop growers totalled £1.03m in 1998. Of this £0.85m was income aid for the production of hops and the remainder, £0.18m, related to compensation for hops rested or grubbed under the new special measures scheme. The latter EU Scheme was introduced as a result of oversupply of the market and provides for payments at the same rate to growers who either temporarily rest or permanently grub their land. The land must have been in hop production and harvested in 1997, and must have been subject to temporary resting or permanent grubbing by 30 June 1998, and 31 May

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in subsequent years. These arrangements will apply on an annual basis over the 5 years 1998-2002.

Bees

6.101 UK policy for bee health involves measures to control specified diseases including varroa. Payments for these measures, which are managed by the National Bee Unit at the Central Science Laboratory, account for some £1.3m of MAFF scheme costs. Varroa was first confirmed in England in 1992 and since then has spread throughout the country. EU funding is available to reimburse 50% of expenditure incurred by Member States on certain measures including the provision of technical assistance to beekeepers to improve honey production and the control of varroosis and related diseases. The UK should receive some £0.5 million for 1998/9.

Potatoes

6.102 The British Potato Council, which took over certain functions from the Potato Marketing Board on 1 July 1997, continued to streamline its operations. During the year the Council spent some £3.1m on marketing and communications and £1.9m on R & D. In May they held a successful Potato Technology event which has been followed up by a number of technology transfer meetings around the country. On the marketing side the major event was a new potatoes campaign which involved potato 'dashes' to major centres, including the House of Commons, where they were cooked by celebrity chefs. These were followed by promotional recipes on GMTV. A major advertising campaign linked to the supermarkets was also arranged for maincrop potatoes.

6.103 The Council is financed by a statutory dual levy system – an area payment from growers and a tonnage levy at first point of sale. Certain sections of the industry were not satisfied with the practical operation of the dual levy arrangements and the Council has submitted proposals for revised arrangements for collection of the tonnage levy. A key task will be to ensure that the necessary amending Order is made in sufficient time before the start of the new levy year commencing 1 July 1999.

6.104 The residuary Potato Marketing Board has submitted its final Annual Report and Accounts and the key task will be to complete winding-up procedures as soon as possible.

6.105 There is no EU regime for potatoes, although a Commission proposal still remains on the table.

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Tobacco

6.106 Tobacco is not grown commercially in the UK. EU production receives support in the form of premia paid to producers under the EU tobacco regime. This support does not directly affect the price to consumers since the subsidy is paid to producers; the tobacco attracts the going market price, and the EU imports over two-thirds of its requirement. The cost of support per hectare is the highest of all the CAP regimes. In the long-term the Government would like to see an end to the regime because of concerns on health, cost and control.

6.107 The June 1998 Agriculture Council reached agreement on a revised version of the Commission's proposals for reform of the EU regime. The latest reform introduced measures to: improve the quality of EU production; reduce the amount of subsidised production in the medium and long-term; and increase the amount of money taken from the premia into the Community Tobacco Fund (which covers projects looking into: the harmful effects of smoking, less harmful varieties of tobacco, alternative uses for tobacco, alternative activities for tobacco growers, and environmental matters).

6.108 The Commission is to report on the functioning of the common market organisation for raw tobacco before 1 April 2002. In preparation for this, we will continue to press for progressive disengagement from support for tobacco production, and will seek to build up support for this view. We will also be seeking regular reports from the Commission on work carried out under the Tobacco Fund.

Olive Oil

6.109 Support is paid to producers of olive oil under an EU regime. A significant reform of the regime was agreed at the June 1998 Agriculture Council. The reform is a three year interim measure pending proposals from the Commission in 2000 for further reform to apply from 1 November 2001. The reform simplified the regime and should restrain future production (which has increased rapidly, particularly in Spain, in recent years).

6.110 The Commission is now undertaking studies on tree numbers and areas and on yields in order to acquire sound production data on which to base its further reform proposals. The Commission was also due to present the Council with a report on the table olive sector and the impact of an aid for table olives by the end of 1998 but has not yet done so.

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6.111 We will continue to press for a fundamental reform of the olive oil regime in the next set of reform proposals. In considering the proposals, we will be looking for measures which ensure that production matches the needs of consumers, and for support to be decoupled from production.

Grain Legumes

6.112 Grain legumes (chickpeas, lentils and vetches) receive area payments under a separate CAP regime. A very small area receives support in the UK. The aid rate for the 1998/99 marketing year is approximately £115/ha.

Dried Fodder

6.113 Support is through a separate CAP regime with payments to driers according to the quantity produced. In 1998/99 it is anticipated that UK production of dried fodder (processed from grasses specified in the rules of the regime) will decrease by some 20%, due to a large carryover of stocks from the previous year.

Covent Garden Market Authority

6.114 The Covent Garden Market Authority (CGMA) is a public corporation which falls within MAFF's responsibilities. During 1998-99, CGMA paid £0.5m into Consolidated Fund Extra Receipts (CFERs), representing excess revenues accrued during 1996-97 (as CFERs, this figure is excluded from the receipts shown in the financial table for this programme). The Government intends to dispose of the Market when Parliamentary time permits.

Non-Departmental Public Bodies (NDPBs)

6.115 The Horticultural Development Council (HDC) and the Apple and Pear Research Council (APRC) are responsible for commissioning near market Research and Development in their respective sectors. Both bodies obtain their funds through statutory levies on growers. The APRC spends approximately £265k annually on its research projects and the HDC spends approximately £2.3m.

Scheme Costs

6.116 MAFF scheme costs include payments for advice on the horticulture and potato industry and for the provision of statistical information by the British Potato Council (BPC) as well as payments to CSL for work on bees.

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Plans for the future

6.117 IB scheme costs have risen since the reform of the regime for fresh fruit and vegetables as more approved operating programmes are implemented. There will be a gradual reduction in the quantities of produce which can be withdrawn with EU compensation, and this will significantly reduce total EU expenditure on withdrawals and offset the costs of support for operating programmes at EU level. Such savings will be limited in the United Kingdom, because we have made little use of the scheme for EU supported withdrawals. Expenditure in the UK under the reformed regime is therefore likely to increase.

Research and Development

6.118 This is a varied programme covering a wide range of crops, including fruit and vegetables and ornamentals. The market is very demanding requiring consistent supply of high quality produce, grown in an environmentally responsible manner. Research to improve the speed and efficiency of plant breeding programmes is aimed at improved pest and disease resistance; marker technology offers the opportunity to screen seedling material at a very early stage in conventional breeding programmes and are being developed in perennial fruit breeding and field vegetable programmes. Other projects are taking forward the development of crop forecasting techniques which will facilitate more timely and targeted pesticide applications. Research on novel biocontrol agents and on the underlying biology to enable biological control measures to be used successfully on field crops complement the forecasting approach and provide the underpinning science required for integrated crop management and sustainable crop production. This is a significant challenge for horticultural crops where the market demands zero tolerance and low levels of visible pest and disease damage can incur a significant financial penalty. Other priorities within the programme include research to improve the efficient use of energy within protected crop environments; identification and manipulation of genetic and physiological factors which control plant growth and development to improve crop scheduling and uniformity of produce; and physiological aspects of post-harvest biology to improve the eating quality of material coming out of store. Research on the epidemiology of bee viruses and varroa mite infestation is on-going and a new project has started exploring the opportunities for biological control of varroa. The Horticulture LINK programme is established and it is anticipated that this element of the programme will grow.

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6.119 Potato late blight and potato cyst nematode (PCN) are serious problems for potato producers causing loss of yield and quality and requiring repeated application of pesticides to achieve control. Research projects are investigating the threat posed by the A₂ mating type to blight epidemiology and development in the UK; improved forecasting and timing of blight sprays to reduce fungicide use; the potential for biocontrol of PCN and also studying within field population dynamics with the intention of reducing nematicide use by increased precision in application. Other projects include the epidemiology of the soil-borne phase of tuber blemish diseases; aphid phenology; and physiological aspects of bruising and bud development. Collaborative projects are being developed with industry for funding within the SAPPIO (Sustainable Arable Production through Precision and Input Optimisation) LINK programme.

Trade Policy and Tropical Foods
Programme TM:110

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	796	796	792	793	798
of which:					
a) Current					
i) Running Costs	603	603	599	600	605
ii) Scheme Costs (including R&D)	167	167	167	167	167
iii) Receipts	0	0	0	0	0
b) Capital (net)	26	26	26	26	26
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	796	796	792	793	798

This was programme CE2:10 in the old programme structure. This programme also contributes to objective 3.

6.120 This programme's objectives are:
(a) to promote increased liberalisation of agricultural trade;

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- (b) to ensure continuing access to the EU market for the UK's traditional banana suppliers in the Caribbean, consistent with World Trade Organisation (WTO) rules; and
- (c) to seek the efficient and economical administration of the International Cocoa and Coffee Organisations.

EU and World Trade

6.121 The EU adopted in June a mandate for negotiations with the African, Caribbean and Pacific (ACP) group of countries on renewal of the Lomé Convention in 2000. MAFF was closely involved in formulation of the provisions on the Special Protocol products, sugar, bananas, beef and rum and on the agricultural trade preferences. It is proposed that these should continue under the new Convention subject to a review by 2003. In this and other trade policy areas MAFF has worked closely with the Department for International Development (DFID) and other Departments in seeking to ensure that developing countries participate more fully in international trade.

6.122 Negotiations have continued for free trade agreements with South Africa, Egypt, Algeria and the Lebanon and started with Mexico.

6.123 MAFF has continued to be actively involved in the work of the WTO Agriculture and Sanitary and Phytosanitary Committees and in the informal Analysis and Information Exchange which is helping to identify those issues which need to be addressed in the next WTO Round of liberalisation negotiations due to start early in 2000. Dr. Cunningham and senior MAFF officials also attended the OECD Agriculture Ministerial in Paris in March 1998 which issued a communiqué recommitting Ministers to take forward agricultural liberalisation.

Bananas

6.124 The EU bananas regime which was introduced in July 1993 has helped to ensure that traditionally sourced bananas remained available to consumers at the same time as the UK market was opened up to a wider range of supplying countries. In 1997, imports of bananas into the European market totalled 3,156,000 tonnes with a value of £1.2 bn. Of this, 640,400 tonnes (20%), worth £277m, came from ACP suppliers with traditional links to the EU, including the UK's traditional suppliers in the Windward Islands (136,000 tonnes: £62m), Jamaica (77,000 tonnes: £41m) and Belize (53,000 tonnes: £17m). The balance represents imports from non-ACP third countries, mainly bananas from Latin America, as well as from non-traditional

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ACP suppliers. Production in the French Overseas Departments, the Canaries, Crete and Madeira accounted for around 810,500 tonnes.

6.125 Following rulings by a WTO dispute panel and the Appellate Body in 1997 in response to a complaint from the US, Mexico, Guatemala, Honduras and Ecuador the EU agreed to revise its banana regime to remove elements found to be WTO-incompatible. Intensive work during the UK Presidency resulted in agreement at the Agriculture Council on 26 June 1998 on arrangements designed to meet both the EU's WTO obligations and its continuing commitment to the ACPs. Under the revised regime which took effect from 1 January 1999 traditional ACP suppliers have continuing access to the EU market at a zero tariff for up to 857,700 tonnes of bananas a year. 2.553m tonnes can enter from other sources at a tariff of 75 euros a tonne. Detailed import licensing arrangements were decided in the bananas management committee in the autumn of 1998. The revised EU regime was challenged by the US and others as still being WTO – incompatible and further WTO rulings are expected during 1999.

6.126 UK retail prices for bananas which fell steadily after the introduction of the EU regime were broadly stable at 49p/lb (£1.08/Kg) throughout 1998.

Coffee and Cocoa

6.127 In 1998 MAFF provided both the Chair of the International Cocoa Council and the consumer spokesman in the International Coffee Organisation. Agreement was reached to extend the International Cocoa Agreement for two years from September 1999. Discussions continue on whether to extend or amend the International Coffee Agreement. Economies in administration and increased revenue meant that the cost of UK contributions to both organisations was contained. MAFF continues to sit on the Board of Directors of Cocoa Research (UK) Ltd. which commissions and disseminates research of benefit to the cocoa trade, industry and consumers and was established through a one-off MAFF grant of £2.2m in 1996.

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Food Industry and Competitiveness
Programme Code TM:120

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	8,041	8,041	7,170	5,161	4,758
of which:					
a) Current					
i) Running Costs	811	811	812	813	862
ii) Scheme Costs (including R&D)	5,704	5,704	6,959	5,249	4,097
iii) Receipts	-1	-1	-1801	-901	-201
b) Capital (net)	1,527	1,527	1,200	0	0
Annually Managed Expenditure (AME)	38,638	44,431	39,286	34,399	34,399
EU Receipts	-39,746	-45,539	-40,286	-34,399	-34,399
Programme Total	6,933	6,933	6,170	5,161	4,758

This was programme CE2:11 in the old programme structure (the title has been changed).

6.128 This programme aims to foster the competitiveness of MAFF sponsored industries by encouraging the effective marketing of their products and the identification and spread of best practice.

6.129 This has been achieved through specific events to promote better marketing, continuing industry sponsorship and grant schemes.

Marketing Initiatives and Events

6.130 In 1998/99, MAFF continued to hold a series of seminars with four events focusing on: the prospects for increased exports of British speciality cheese; the opportunities for improving home sourcing of British pigmeat in the catering industry; and a strategy through which the regional and speciality food industries might best develop over the coming years. These seminars were well received, and follow-up action to each event is in hand. A workshop on farmers markets was also held in March 1999. On 29

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November 1998, MAFF and the NFU together launched a major joint initiative to stimulate farmers' interest in collaborative marketing.

6.131 The Minister made clear his wish to bring participants in the food chain together to address issues of mutual interest. A small group of senior officials from the Ministry and trade associations was set up to take work forward. The department also continued to work with other whole-chain competitiveness initiatives: notable here is the Institute of Grocery Distribution's (IGD) Food Project which brings together executives from over 100 companies and industry groups to distil knowledge and expertise, with the aim of enhancing UK competitiveness. Key objectives include identifying consumer requirements and promoting enhanced standards in a number of carefully targeted sectors. The Project is also engaged in an extensive international benchmarking study, for which MAFF is a co-sponsor.

Speciality foods

6.132 MAFF continued to act as a facilitator to raise awareness of speciality foods through its support of Food From Britain and the Ministry's grant scheme to regional speciality food groups. A sixth food group – Heart of England Fine Foods – was launched in October 1998. In recognition of the importance of small businesses to the speciality food sector, the Ministry launched its "Success With A Small Business" booklet in September 1998 aimed at present and prospective food producers and those agencies that work alongside them.

6.133 Three UK products, Teviotdale cheese, Cornish Clotted cream and Dorset blue Cheese were registered under the EU Regulations for the protection of food names in 1998/9. A number of other UK applications are currently under consideration.

Marketing Grant Schemes

6.134 Management of projects grant-aided under the Marketing Development Scheme (MDS) which closed in 1996 continued, alongside similar work for initiatives aided under the EU Processing and Marketing Grant, which also closed in 1996. Among ongoing projects is the Assured British Meat initiative (with £1.85m of MDS support) which aims to establish enhanced baseline standards across the redmeat production and marketing sectors, as an integral part of the industry's recovery from the impact of BSE; standards were agreed this year for a number of sectors in the red meat supply chain.

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6.135 Twenty-six projects are managed by MAFF under the inter-departmental Sector Challenge scheme (two of those originally successful having decided not to proceed). Results to date include a successful national marketing seminar for farmers, and the publication of a benchmarking report on international food processing practice is due in the spring.

Sponsorship

6.136 Other sponsorship of the UK's food and drink industry takes the form of ensuring that the interests of the food and drink industry are given due weight within both Whitehall and Europe during the development of UK and EU policy and legislation. It also includes seeking to raise the awareness of the sector to issues that have potential to impact upon the industry (e.g. the Government initiative on the year 2000 date change – see below). Regular contact is maintained with trade representatives.

6.137 During 1998 MAFF has continued to represent its sponsored industries during negotiations on such subjects as the maintenance of prescribed quantities for bread (under the Weights and Measures (Miscellaneous Foods) Order 1988) and the amendment of the Producer Responsibility Obligations (Packaging Waste) Regulations 1997.

6.138 MAFF continues to work to protect the interests of UK traders under the EU “non-Annex II” regime, under which export refunds are payable on basic agricultural products (e.g. cereals, milk and sugar) contained in processed food and drink products (e.g. chocolate, biscuits, whisky and beer). In particular, it has been seeking to minimise the potential burden of management measures that have been proposed at the European level to ensure that expenditure limits on export refunds agreed under GATT are respected.

Millennium date change

6.139 MAFF has contributed to Government efforts to ensure minimal disruption to essential services as we go through the millennium date change. We have established close contacts within the food production and distribution industries to promote maximum awareness and readiness, and to ensure that those responsible for the maintenance of infrastructure services are aware of the industry's needs. We will continue to monitor the situation.

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Research and Development

6.140 The objective is to support strategic research and technology transfer to advance the technological base of the food and drink industries. Collaboration is stimulated between partners from industry and the research community under co-funding arrangements, mainly through the Government-wide LINK scheme. The focus is on enhancing food quality, safety and nutritional properties. A notable success has been the employment of mathematical modelling to increase food safety and efficiency in manufacturing and distribution. An internationally recognised centre of excellence in food materials science has also been developed, largely as a result of LINK research. An external evaluation in 1997 showed the food LINK programmes to be effective and gave strong support for continued use of this mechanism. A new food LINK programme, entitled Food Quality and Safety, has now been approved with a launch date of 18 May 1999. The Regional Technology Transfer Centre scheme is providing a significant route by which SMEs are able to access the science base and adopt new technology. Three new centres have been set up this year (making 6 in all), aimed at encouraging innovation by food manufacturing SMEs.

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International Relations and Export Promotion
Programme Code: TM:130

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	6,143	6,143	6,746	7,147	7,233
of which:					
a) Current					
i) Running Costs	1,352	1,352	1,355	1,356	1,442
ii) Scheme Costs (including R&D)	4,791	4,791	5,391	5,791	5,791
iii) Receipts	0	0	0	0	0
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	6,143	6,143	6,746	7,147	7,233

This was programme CE2:12 in the old programme structure.

- 6.141** The objectives of this programme are:
- a) to maximise trade and investment opportunities for the UK agro-industry with all countries,
 - b) to encourage food and drink exports and speciality food producers by supporting Food From Britain (FFB), and
 - c) to maintain good diplomatic relations with non-EU countries and international organisations to the benefit of the UK and MAFF sponsored industries.

6.142 MAFF pursues these objectives by fostering international relations at official level through liaison with foreign Ministries of Agriculture, embassies and posts world wide, in particular with countries offering new opportunities for export trade (such as the countries of Central and Eastern Europe, the former Soviet Union, China, the Pacific Rim and Latin America); by maximising trade opportunities for the UK agro-industry by offering specific country information, representation at selected overseas trade fairs, Ministerial led missions to targeted countries and identification of expanding

objective 4: to assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive

overseas markets; by the direction and funding of FFB; and by implementing EU Regulations protecting food names. 29 UK names had been registered by December 1998.

6.143 Following the Government's Export Forum and its report "Towards an Export Initiative" (November 1997: DTI/Pub 3053/6K/11/97/NP:URN 97/948, available from HMSO shops), MAFF has continued its close integration with other departments of its plan to improve export promotion policy and delivery. In particular an annual planning process for major national and international activities is in place which, in consultation with MAFF's Export Promotion Consultation Group, yields a rolling three year plan of priority markets in the agricultural sector. This plan has been the basis of MAFF's contribution to the British Overseas Trade Board's Sectors and Markets Group analysis of priorities in all sectors. MAFF has also contributed to the current Cabinet Office review of the delivery of export promotion services.

6.144 During 1998, MAFF's presence at overseas fairs attracted over 650 serious enquiries for UK agro-industrial products. The programme also involved trade missions, exploratory missions and seminars in China, Central and Eastern Europe, Cuba, Russia, Estonia, Peru, Brazil, Philippines and Vietnam. In addition, seminars and workshops on China, SE Asia, South Asia, Central and Eastern Europe, Baltic States, Azerbaijan and Latin America were held in the UK to inform the industry of opportunities in these markets. Further details of Ministerial visits and International Exhibitions are supplied in Annex 13.

6.145 MAFF will continue to pursue the objectives of the programme in 1999. The target is for a similar number of companies to attend promotional events sponsored by MAFF and FFB in 1998/99 as in 1997/98. Feedback on these events will be sought from industry.

6.146 The increase in scheme expenditure reflects the restoration of the Department's contribution to FFB which was transferred from its core funding in 1996 to support the Sector Challenge Scheme.

Food From Britain

6.147 Industry funding in 1997-98 was £6.5m, up £0.3m on the previous year, representing 56% of total expenditure by FFB and its overseas offices on FFB business. Funding by MAFF was £4.9m. FFB worked with some 1,088 companies during 1997/98 to improve their business in international markets. In Japan and Scandinavia, where FFB set up representative offices

objective 4: to assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive

two years ago, it worked with a total of 149 companies new to these markets. FFB also identified development markets in Asia/Pacific, Central and Eastern Europe and the Middle East, and organised seminars and outward trade visits to these markets during the year. Exports of food and drink stood at £10bn (without beef), down slightly by just 1%, although many of the value added products held up well and indeed grew.

Plant Varieties and Seeds
Programme Code: TM:140

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	2,682	2,682	2,676	2,715	2,622
of which:					
a) Current					
i) Running Costs	1,445	1,445	1,448	1,490	1,400
ii) Scheme Costs (including R&D)	5,640	5,640	5,796	5,628	5,625
iii) Receipts	-4,408	-4,408	-4,573	-4,408	-4,408
b) Capital (net)	5	5	5	5	5
Annually Managed Expenditure (AME)	4,739	4,161	4,257	4,257	4,257
EU Receipts	-4,739	-4,161	-4,257	-4,257	-4,257
Programme Total	2,682	2,682	2,676	2,715	2,622

This was programme CE2:20 in the old programme structure.

- 6.148** The objectives of this programme are:
- a) to enable plant breeders to obtain legally enforceable intellectual property rights over their new plant varieties,
 - b) to operate a UK National List system in accordance with EU Directives regulating the marketing of seed, and
 - c) to operate a seed certification system in England and Wales in accordance with EU Directives.

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Plant Breeders' Rights

6.149 The UK operates a voluntary intellectual property system for the protection of plant varieties, which is based on the International Convention for the Protection of New Varieties of Plants (the UPOV Convention), as last revised in 1991. Applicants meet the full cost of running the system (about £1 million) through statutory fees. Around 300 new applications for plant breeders' rights are received in a year.

6.150 The Plant Varieties Act 1997 and the associated secondary legislation, which implements the 1991 Convention, came into force on 8 May 1998. This opened the way for the UK to ratify the 1991 UPOV Convention on 3 December 1998. These changes brought the UK system of plant breeders' rights into line with the parallel, but quite separate, EU system of plant breeders' rights, which is also based on the 1991 UPOV Convention and which was introduced in September 1994. The UK system now offers the same level of plant variety protection as that offered by the EU system. Plant breeders therefore have a real choice, according to their marketing needs, between a UK right effective only in the UK, and a more expensive EU right which offers protection throughout the EU.

National Listing

6.151 This system meets the requirements of EU Directives regulating the marketing of seed and is essentially a consumer protection measure that ensures only seed of varieties of tested agronomic value are available for sale in the UK. Between 400-500 new applications for addition of varieties to the National List are received each year. Duration of tests and trials varies, but are typically, for example, two years (i.e. two growing seasons) for cereals.

6.152 The major element of scheme costs is payments to contractors, such as the National Institute of Agricultural Botany, to undertake the necessary tests and trials required for National Listing. In addition, the industry carries out around half of the National List value for cultivation and use trials under official licence and at its own expense. An estimated £1.4m of the £1.7m official cost of running the system will be recovered from the industry through fees.

Genetically Modified Varieties

6.153 The plant breeders' rights and National List systems continue to receive applications in respect of genetically modified (gm) varieties. Plant

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breeders' rights were granted in respect of 4 gm oilseed rape varieties and a further 25 applications (also oilseed rape) are currently being progressed. There are also 30 applications for gm varieties (of oilseed rape, maize, sugar beet and fodder beet) at various stages in the National List system. No gm varieties have yet been proposed for addition to the UK National List. No genetically modified varieties may enter tests and trials under either system unless a deliberate release consent has been issued under the Environmental Protection Act 1990 and the regulations made under it which implement EU Directive 90/220, or unless they have a full part C marketing clearance. No variety will be added to the UK National List until a Part C marketing consent has been promulgated by the relevant competent authority.

Seed Certification

6.154 The seed certification scheme lays down minimum standards of purity and germination for seeds, as required under EU Directives. Crop inspections and laboratory testing ensure that seed of the main agricultural and horticultural species is marketed to prescribed quality standards. MAFF administers official seed certification in England and Wales, at a cost in 1998-99 of about £2.1m, and seeks to recover the costs in full.

6.155 IB scheme costs relate to EU Seed Production Aid.

Plant Varieties and Seeds Tribunal

6.156 The Tribunal, which was established under the Plant Varieties and Seeds Act 1964, hears appeals against the decisions of the Controller of Plant Variety Rights on plant breeders' rights matters, against decisions of the Agriculture Ministers' on National List and seeds matters and against decisions of the Forestry Commissioners on matters concerning forest reproductive materials. The Tribunal has not met in recent years.

Future tasks

6.157 Commission proposals to amend the EU Directives which govern National Listing and seeds marketing were adopted in Brussels in December 1998 and published as Council Directive 98/95 on 1 February 1999. The Directive's requirements have to be implemented in national legislation within 12 months.

6.158 An programme of work continues to ensure that all IT systems supporting the statutory plant breeders rights, National List and seed certification systems operate beyond the millennium.

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6.159 In July 1998 the Court of Appeal criticised MAFF for failing to enforce regulation 11(3) of the Seeds (National Lists of Varieties) Regulations 1982 as amended which required the submission of replicated trials data with National List applications. Since this provision is redundant, the Regulations were amended on 16 November 1998 to remove it and to validate applications for the entry of varieties on a National List and their subsequent entry on the National List where replicated trials data were not supplied.

6.160 MAFF has set a target of a zero or less than zero percentage change in the average cost, excluding inflation (all items excluding housing), of:

- a) seed certification, per lot
- b) obtaining and retaining plant variety protection for a period of 5 years,
- c) adding and maintaining a variety on the National List for a period of 5 years.

In 1998-99, the average cost, excluding inflation, per seed lot (a) increased by 1.2%. The cost of b) increased by 3.1% and c) increased by 1.7%.

Research and Development

6.161 The research programme is designed to ensure that statutory provisions and testing procedures remain efficient and relevant to the technical developments and evolving objectives of plant breeding to enable new and improved crop varieties to reach the market. Recent developments in biotechnology have been rapid and the testing system must be capable of dealing with this technology. Research projects have addressed the potential of using molecular techniques to improve the efficiency of distinctness, uniformity and stability testing of new agricultural crops and ornamental plants. Image analysis techniques have been developed to increase the objectivity and to reduce the processing time of chrysanthemum varieties submitted for Distinctness, Uniformity and Stability (DUS) testing and are now operational.

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Better Regulation
Programme Code TM:150

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	329	329	293	315	340
of which:					
a) Current					
i) Running Costs	285	285	285	307	332
ii) Scheme Costs (including R&D)	44	44	8	8	8
iii) Receipts	0	0	0	0	0
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	329	329	293	315	340

This was part of programme CE2:23 Agricultural Resources and Better Regulation in the old programme structure (Better Regulation only).

6.162 The objective of this programme is to improve the quality of new and existing regulations to ensure benefits to business, the citizen and the environment and contribute to the development of competitive industries.

6.163 This programme covers MAFF's work on improving the quality of regulation, including an in-house forms' design service. MAFF is fully committed to the Better Regulation Initiative to ensure that Regulations are simple, helpful and fair and satisfy the five principles of good regulation – transparency, accountability, targeting, consistency and proportionality. Regulatory Impact Assessments (RIAs) are prepared on all new regulatory proposals which would impose a burden on, or result in a saving to, business.

Regulatory Activity

6.164 During 1998 127 Statutory Instruments were introduced, these amended 82 existing regulations or orders, repealed 66 in total and 24 in

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part. 28 SIs replaced those that had been repealed. 44 RIAs were published and 125 formal external consultations were carried out relating to domestic and European regulatory matters. Informal consultations were carried out on a day-to-day basis on many issues. Annex 19 illustrates MAFF's activities in the context of the policy for better regulation.

Forms

6.165 In 1998, as part of the policy to keep forms to a minimum both in number and content, reviews of 602 forms were completed. Of these 48 were discontinued, and 285 were updated/amended. 14 new forms were introduced.

6.166 As part of the Better Regulation Initiative MAFF continued to make forms and guidance notes available electronically on the Internet, Direct Access Government, and increased the number available to 225.

6.167 The implementation of recommendations made in the Efficiency Scrutiny on Simplifying Farmers' Paperwork which MAFF and WOAD carried out in 1996 has led to annual savings of an estimated £5.4 million to farmers in reductions in compliance costs in relation to the paperwork required. These were secured through changes involving amended procedures or changes to forms and sometimes both.

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Fishing Industry and Market Support
Programme Code TM:160

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	8,014	8,014	8,016	8,024	8,049
of which:					
a) Current					
i) Running Costs	694	694	695	702	706
ii) Scheme Costs (including R&D)	1,885	1,885	1,886	1,887	1,908
iii) Receipts	-28	-28	-28	-28	-28
b) Capital (net)	5,463	5,463	5,463	5,463	5,463
of which Credit Approvals	691	691	691	691	691
Annually Managed Expenditure (AME)	1862	1452	1457	1457	1457
EU Receipts	-4,080	-3,670	-3,583	-3,583	-3,583
Programme Total	5,796	5,796	5,890	5,898	5,923

This was part of programme CE2:31 Fishery Structures and Markets in the old programme structure (fishing industry and market support only).

- 6.168** The objectives of the programme are:
- a) to improve the competitiveness of the sea fisheries industry, provide support to fishery dependent areas and to promote safety on fishing vessels by means of EU and national aid;
 - b) to encourage the improved marketing of fish for the benefit of consumers, processors and catchers, and
 - c) to act as sponsor for the NDPB, the Sea Fish Industry Authority (SFIA).

6.169 The programme provides financial aid to the English fishing industry from EU and national sources; and support for the industry from the Sea Fish Industry Authority in areas such as market promotion, research and development and training. It also implements the EU's marketing regime which aims to encourage the more orderly marketing of fish and fishery products.

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Achievements

6.170 The rationale for and effectiveness of financial aid to the fishing industry were considered in detail in the Government's Comprehensive Spending Review. Current schemes include grants for improvements in facilities for the processing and marketing of fisheries and aquaculture products and to improve fishing port facilities, where awards in 1998-99 totalled £1.8 million with an estimated private sector contribution of £7.3 million. Harbour grants were also available to English ports under the nationally funded fishing harbour grant scheme at an estimated cost of £1 million in 1998/9. EU grants are also available for the promotion of fishery products, at an estimated cost of £ 0.8 million in 1998-99. Grants were also awarded towards the cost of vessels obtaining a Maritime and Coastguard Agency certificate at an estimated cost of £0.6 million in 1998-99. EU grants are also available for the EU PESCA Initiative to assist the restructuring of fishing dependent areas. Under PESCA in 1998-99 an estimated £ 0.7 million was to be spent with an estimated £1 million from the private sector. Most of these grants qualify for a percentage of EU reimbursement.

6.171 The Sea Fish Industry Authority (SFIA) continues to carry out a wide range of activities in the interests of the sea fish industry. Its objectives are to work with the industry to meet consumer demands, to raise standards, to improve efficiency and unity and to secure a prosperous future for all sectors. Full details of its activities are included in its annual report which was published on 26 August 1998. A quinquennial review of the SFIA was published on 19 October 1998. It recommended that the Authority be retained in the public sector and that its main levy funded functions have a continuing role to play in promoting the UK sea fishing industry.

6.172 In the normal annual exercise, revised EU market support prices were agreed along with renewed concessionary import arrangements. The latter help to ensure a supply of competitively priced raw material to EU processors.

Plans for the future

6.173 The industry funded SFIA levy will be reviewed.

6.174 Negotiations will take place on a new EU marketing regime.

6.175 EU structural funds are being reformed under the Commission's Agenda 2000 programme. The Commission propose that aid for fisheries will

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be included in the programmes for delivering structural funds in new Objective 1 areas (areas whose development is lagging behind) and Objective 2 areas (areas facing structural difficulties). Objective 2 is expected to include fishing dependent areas. Although PESCA will not continue as an EU initiative, the current proposals provide for the continuation of the fisheries measures it supports. There is also expected to be provision for aid for fleet restructuring measures and for fisheries aid outside the Objective areas. Levels of funding are unknown at this stage.

Fish Farming and Shellfish Production
Programme Code: TM:170

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	5,024	5,024	4,998	4,980	4,961
of which:					
a) Current					
i) Running Costs	376	376	376	380	383
ii) Scheme Costs (including R&D)	4,654	4,654	4,628	4,606	4,584
iii) Receipts	-6	-6	-6	-6	-6
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	5,024	5,024	4,998	4,980	4,961

This was programme CE2:32 in the old programme structure.

- 6.176** The objectives of this programme are:
- a) to encourage the development of efficient fish farming and shellfish cultivation;
 - b) to conserve shellfisheries;
 - c) to safeguard the health of wild and farmed fish and shellfish stocks; and
 - d) to prevent the spread of serious fish and shellfish diseases.

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6.177 MAFF takes the UK lead in negotiations on fish health matters within the EU. With the Welsh Office it is responsible, through the Fish Health Inspectorate (part of CEFAS), for the implementation and enforcement of fish health policy in England and Wales. The Inspectorate administers and enforces import rules designed to prevent the introduction of fish and shellfish diseases into Great Britain. It also carries out the programme of inspections and sampling required to maintain Great Britain's approved zone status for the serious salmonid diseases Infectious Haematopoietic Necrosis (IHN) and Viral Haemorrhagic Septicaemia (VHS), and is responsible for establishing the causes of other disease outbreaks and, if an outbreak of a notifiable disease occurs, for taking appropriate action. Shellfish sites also have to be inspected regularly, as approved zone status is being sought for the shellfish diseases Martellia and (for most of the coastline) Bonamia.

Table 6.2: Outbreaks of Fish Diseases in England and Wales

1. Major fish diseases

	1996	1997	1998
Infectious Salmon Anaemia (ISA)	0	0	0
Viral Haemorrhagic Septicaemia (VHS)	0	0	0
Infectious Haematopoietic Necrosis (IHN)	0	0	0
Gyrodactylus salaris	0	0	0

2. Other notifiable fish and shellfish diseases

	1996	1997	1998
Spring Viraemia of Carp (SVC)	3	7	2
Bacterial Kidney Disease (BKD)	1	0	2
Bonamiosis	2	0	0
Marteiliosis	0	0	0

6.178 Gyrodactylus salaris is a parasite which can cause major mortalities in Atlantic salmon; in Norway it has wiped out salmon stocks in entire river systems. In 1995 the European Commission, at the instigation of the UK, adopted temporary safeguards to prevent the introduction of Gyrodactylus salaris into the UK and Ireland. In June 1998 the UK Presidency was able to secure the adoption of a new measure amending the EU fish health regime which clarifies, and strengthens, arrangements for designating areas as free from specified fish diseases, including those caused by Gyrodactylus salaris.

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This provides the framework for new permanent measures to be adopted to replace the current temporary safeguards.

6.179 The programme also supports the fish farming and shellfish industry through administration of Several (where the public right to fish is “severed”) and Regulating Orders for shellfisheries, and the provision of advice and technical services. To help ensure that the industry is kept aware of technical developments advisory leaflets and two regular bulletins are issued. The programme is underpinned by research. To enhance this and to improve technology transfer in the fish and shellfish farming sectors a 5 year LINK programme for aquaculture was introduced in 1995.

Research and Development

6.180 Under LINK Aquaculture a wide range of problems are being investigated. Among projects being funded are ones on the development of improved feeds for juvenile fish, on environmental requirements for scallop cultivation and several on specific fish diseases and their treatment. Other research on fish health, in support of MAFF’s statutory role in preventing the introduction and spread of fish disease, is funded outside the LINK Programme.

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Animal Disease Control
Programme Code: TM:180

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	43,977	43,977	44,015	44,022	44,108
of which:					
a) Current					
i) Running Costs	13,525	13,525	13,607	13,662	13,796
ii) Scheme Costs (including R&D)	32,298	32,298	32,254	32,206	32,158
iii) Receipts	-1848	-1848	-1848	-1848	-1848
b) Capital (net)	2	2	2	2	2
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	43,977	43,977	44,015	44,022	44,108

This was programme CE3:01 in the old programme structure. This programme also contributes to objective 8.

- 6.181** The main objectives of this revised programme are:
- a) to minimise the introduction and spread of economically important livestock disease,
 - b) to control and/or eradicate all notifiable diseases, and
 - c) to facilitate the export of breeding animals and animal products.

6.182 The State Veterinary Service (SVS) and the Veterinary Laboratories Agency (VLA) carry out surveillance for new and exotic diseases, investigate suspect cases of notifiable disease, oversee disease control arrangements at infected premises, trace animal and other movements from infected premises and implement necessary control measures. SVS carry out regular inspections at all animal by-product and waste food premises which are subject to statutory controls. The operators of rendering and waste food (swill) plants have to be licensed by MAFF.

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6.183 Imported animals and genetic material are checked to guard against the importation of disease. There is regulatory control of artificial insemination and embryo transfer in certain farm livestock in Great Britain.

Table 6.3: Number of outbreaks in Great Britain of the primary notifiable diseases covered by programme TM:180							
Year	1992	1993	1994	1995	1996	1997	1998
Aujeszky's Disease	0	0	0	0	0	0	0
Avian Influenza	1	0	0	0	0	0	0
Classical Swine Fever	0	0	0	0	0	0	0
Contagious Equine Metritis	0	0	0	0	14	2	0
Enzootic Bovine Leukosis (EBL)	1	25	9	7	5	0	0
Equine Viral Arteritis	–	–	0	0	1	3	2
Foot and Mouth Disease	0	0	0	0	0	0	0
Newcastle Disease	0	0	0	0	1	11	0
Paramyxovirus in pigeons	157	125	36	17	22	17	18
Warble fly	0	39	3	0	0	0	0

The number of outbreaks for EBL in 1992 and 1996 were incorrectly stated as 2 and 6 respectively in the 1998 Departmental Report.

6.184 As in previous years, no major problems have been found during veterinary checks on imported consignments of live animals and genetic material. The classical swine fever situation in other Member States has improved significantly during 1998 but continues to be closely monitored.

6.185 MAFF continued to operate the Poultry and Deer Health Schemes and the EBL category of the Cattle Health Scheme and the State Veterinary Service continued to support the privately operated Farm Assured British Pigs.

6.186 On 2 November 1998, the Ministry consulted on proposals to require the tagging or tatooing of all sheep and goats before they leave their holding of birth.

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Future Plans

6.187

Following the adoption of Council Directive 98/46 (see programme PH:020), an application for Great Britain to be granted official enzootic bovine leukosis-free status is being prepared.

6.188 Further consultation on a new Animal By-Products Order took place. The new Order is now expected to come into force in 1999.

6.189 Work on new Regulations to simplify and update AI controls for cattle and pigs was suspended in 1998 but it is hoped that the new Regulations will be made in 1999.

6.190 New regulations to implement EU Council Directives 80/217 on classical swine fever and 85/511 on foot and mouth disease are expected to come into force in 1999.

Research and Development

6.191 Research is mainly directed at the control of endemic animal diseases including mastitis, bovine viral diarrhoea, sheep scab and influenza in pigs. In particular, alternatives for the widely used methods of control by antibiotics, chemotherapeutics and pesticides are being explored. Research continues to exploit improvements in modern microbiological, molecular and genetic techniques to produce alternative, and improved, methods of detection and control. In addition, research underpins control strategies for statutory and exotic animal diseases including classical swine fever, Newcastle disease and foot and mouth disease. This research is focused on the development of enhanced detection methods and improving our understanding of pathogenesis and epidemiology of the causative disease agents.

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Plant Health
Programme Code ITM:190

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	6,599	6,599	6,595	5,617	4,939
of which:					
a) Current					
i) Running Costs	4,427	4,427	4,432	4,560	4,388
ii) Scheme Costs (including R&D)	3,821	3,821	3,812	3,806	3,800
iii) Receipts	-1,680	-1,680	-1,680	-2,780	-3,280
b) Capital (net)	31	31	31	31	31
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	6,599	6,599	6,595	5,617	4,939

This was programme CE3:02 in the old programme structure.

6.192 The objective of the programme is to safeguard the health and quality of plants, in so far as Government action in this area is appropriate, and to ensure as far as possible that markets in agricultural products are not adversely affected by plant health problems.

6.193 MAFF applies statutory controls to implement the EU plant health regime and the EU regime on the marketing of plant propagating material. The measures include controls on products marketed within the EU, checks on imports from third countries and specific action against pests with 'quarantine' status. Non-statutory services are also provided including certification of exports to third countries. Costs of certain defined activities are recovered from those using the services.

6.194 Programme costs include payments to the Central Science Laboratory for scientific advice and services.

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6.195 MAFF represents the UK in EU and wider international negotiations on plant health matters. Revision of the International Plant Protection Convention was concluded in 1998. The new text complements the World Trade Organisation's rules on phytosanitary measures affecting international trade, and establishes a simpler approval procedure for international standards.

6.196 During its Presidency of the EU the UK achieved agreement on a simplified new Directive on trade in ornamental plant material (as part of the initiative on Simpler Legislation for the Internal Market) and a Directive on control of potato brown rot, a disease which can seriously damage potato production.

6.197 Identification of the potato brown rot pathogen in tributaries of the River Great Ouse in 1997 had potentially serious implications because the river is the main source of irrigation water for a significant area of potato cultivation. In 1998 a project was established with the Environment Agency and the British Potato Council to eradicate the pathogen by removal of its wild host, woody nightshade, from the banks of the infected rivers. Controls against introduction of this pathogen were strengthened with continued testing and inspection of imported seed and ware potatoes, and specific new controls on disposal of processing waste.

6.198 The annual rhizomania survey on sugar beet revealed a further 10 farms infected with the virus bringing the total of farms on which the disease has been found to 97. All new outbreaks were in Norfolk or Suffolk. Legislation to prevent spread of rhizomania disease on waste from vegetable processing plants was replaced by a code of practice which addresses a wider range of risks.

6.199 A policy review was carried out on strawberry red core disease, in consultation with industry, resulting in removal of unnecessary restrictions while maintaining safeguards against spread of the disease in propagating material. The UK's protected zone status for beet rhizomania disease must be reviewed by the EU before November 1999. Consultations have begun to determine the UK stance in these negotiations. An internal review was conducted of procedures for emergency action against pests which are not listed in the relevant legislation. The UK's first outbreaks of Tobacco whitefly on vegetable crops were recorded on cucumber plants in the Lea Valley but were successfully eradicated. There were no findings of Gypsy moth caterpillars in the area of previous outbreaks in north London, but findings of

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adult moths on pheromone traps suggest that continuing vigilance against this pest is needed. Controls on Colorado beetle were successful in avoiding any establishment in this country, despite a relatively high number of findings (in 46 consignments) in 1998 on imported products.

Table 6.4: Number of outbreaks of key pests and diseases in England and Wales							
	1992	1993	1994	1995	1996	1997	1998
Rhizomania	13	7	15	11	25	10	10
Tobacco whitefly	43	36	58	5	3	16	26
South American leaf miner	43	30	54	75	77	53	53
Colorado beetle	0	0	0	0	0	0	0
Potato brown rot	1	0	0	0	1	1	0

92,500 inspections were carried out by MAFF's Plant Health and Seeds Inspectorate in 1998.

6.200 The Plant Health and Seeds Inspectorate enhanced its commitment to customer service standards during the year by introducing a system of customer feed back. It is intended that the information obtained will help to monitor performance under a new customer service code which will embrace Enforcement Concordat principles.

6.201 Future activities will be linked closely to developments in the EU plant health regime and continuing review of risks. Further simplification of EU legislation on marketing of plant material will be a target. A key task for 1999 will be development with HM Customs and Excise of a system to communicate to MAFF information on imported consignments of plants and produce which will allow inspections to be targeted more effectively and provide a framework for introduction of charges.

Research and Development

6.202 This programme is concerned with protecting the UK's generally high plant health status. Key elements are improved diagnostics, underpinning biology to increase the reliability of risk assessments carried out for pests and diseases not yet established in the UK, and development of control measures to eradicate, contain or treat quarantine pests subject to statutory control. Research on more sensitive diagnostic techniques has been among the priorities, in view of recent findings of the potato brown rot pathogen in watercourses . Development of biological control methods for eradication and/or containment of pests of glasshouse crops enables growers to deal

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with outbreaks of statutory pests without jeopardising their routine biological pest control programmes. Many glasshouse crops are now grown virtually pesticide free as the use of pesticides (even for statutory pests) can threaten the successful marketing of the crop.

Summary economic performance indications for the agriculture, fishing and food industries

Output, Income and Productivity of Agriculture (1995=100)

Year	Average						
	1987-89	1993	1994	1995	1996	1997	1998
Final Output*	95.8	97.3	99.1	100.0	100.4	100.3	100.4
Net value added	94.1	100.8	102.4	100.0	101.6	105.0	103.6
Productivity	94.6	99.2	99.7	100.0	101.6	102.2	102.6
<i>Final output per unit of all inputs (inc. fixed capital and paid labour)</i>							
Total Income from Farming per annual work unit+	53.9	83.4	86.2	100.0	92.6	57.9	40.3

* Final output is output leaving the industry. It excludes transactions within the agricultural industry.
+ Annual work unit of entrepreneurial labour input – the equivalent of an average full time worker with an entrepreneurial stake in the business

Total income from farming in the UK, adjusted for a small drop in the size of the recipient groups, fell by 30 per cent between 1997 and 1998. This is the income to those with an entrepreneurial interest in the agriculture industry (farmers, partners, directors, their spouses and most family workers). The agricultural industry’s productivity measured in terms of the volume of final output per unit of all inputs rose by 0.4 per cent, as inputs were slightly reduced. The volume of final output has hardly changed over the last three years. Whilst net value added was 1.3 per cent lower in 1998, net value added per annual work unit of all labour was 0.5 per cent higher. Note that cattle destroyed in the Over Thirty Month Scheme and calves removed from the food chain under the Calf Processing Aid Scheme do not contribute to the volume of output.

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Output, Employment and Productivity in Food, Drink and Tobacco Manufacturing (1995=100)						
Year	Average1987-89	1993	1994	1995	1996	1997
Output						
(Index of Production)	93.7	97.7	99.8	100.0	100.5	103.4
Employees						
(Full time equivalents)	113.4	103.1	100.4	100.0	100.7	101.6
Labour Productivity						
(Output per employee)	82.7	94.8	99.4	100.0	99.8	101.7

The volume of output of food, drink and tobacco manufacturing increased by 3% between 1996 and 1997, the largest increase for over a decade. This was accompanied by a 1% increase in the number of employees and, as a result, labour productivity increased by 2% in 1997 after little change between 1994 and 1996.

Retail Food Prices (1995=100)							
Year	Average						
	1987-89	1993	1994	1995	1996	1997	1998
All Items	72.4	94.4	96.6	100.0	102.4	105.6	109.3
Food	76.9	95.3	96.3	100.0	103.2	103.3	104.7
Food prices in real)8 terms (i.e. relative to All Items RPI	106.3	101.0	99.6	100.0	100.8	97.8	95.8

Retail food prices, as measured by the annual average Retail Prices Index, rose by 1.3% between 1997 and 1998, compared with a rise of 3.4% in the All Items RPI. As a result, food prices in real terms fell by 2.0% in 1998 to a level 9.9% lower than ten years ago. The annual index for non-seasonal foods rose by 0.6% in 1998 only the second time since 1961 that the rise has been under 1%.

UK Imports and Exports of Food, Feed and Drink (£ million)

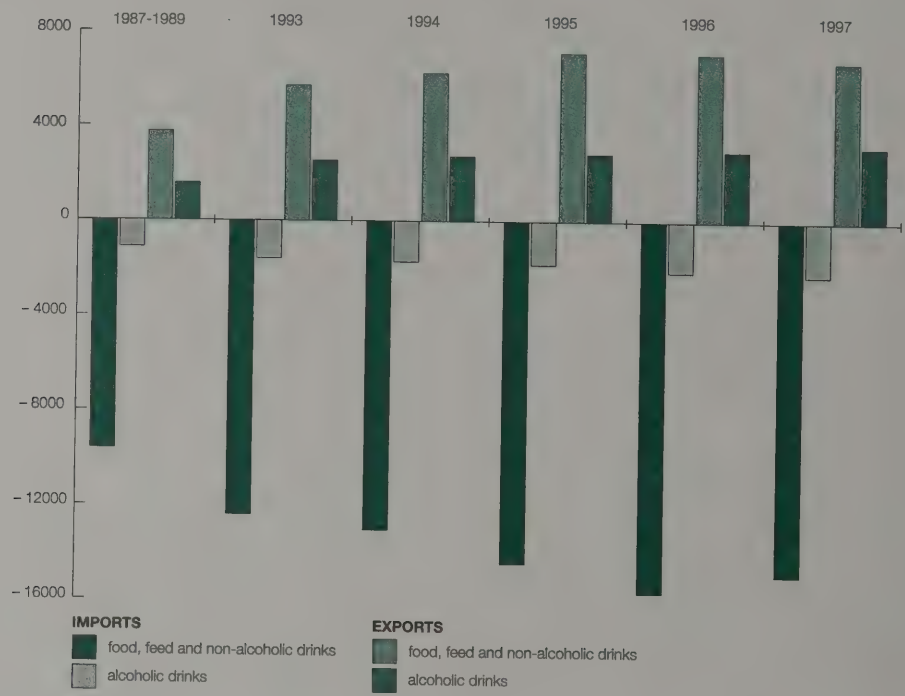
The strength of the pound had a significant effect on trade in 1997.

Imports fell by £600 million, or 3%, the largest fall since 1980. The level of exports was virtually unchanged despite the continuing ban on beef exports. There was a significant decrease in the value of imports of pig meat (down 26%), with smaller decreases in poultry meat (down 7%) and fruit and vegetables (down 8%). The latter remain the largest component of total imports (24%). These decreases were partially offset by an increase in imports of wine (up 11%).

Compared with 1996, there were large falls in exports of mutton and lamb (down 21%), wheat and barley (down 4% and 21% respectively). Whisky

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exports rose by £126 million (5.4%) and continue to be the largest export in the area of food and drink.



UK Fishing Employment			
Year	1995	1996	1997
Total number of fishermen in the entire UK fleet	19,921	19,044	18,600

**objective 5: to enhance
economic opportunity and
social development in rural
and coastal communities in
a manner consistent with
public enjoyment of the
amenities which they offer**

objective 5: to enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer

Rural Economy (Policy)
Programme Code: ES:010

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	16,837	16,837	29,229	30,132	17,133
of which:					
a) Current					
i) Running Costs	267	267	262	266	268
ii) Scheme Costs (including R&D)	1,052	1,052	1,049	1,048	1,047
iii) Receipts	0	0	0	0	0
b) Capital (net)	15,518	15,518	27,918	28,818	15,818
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	-7,800	-7,800	-14,000	-14,450	-7,950
Programme Total	9,037	9,037	15,229	15,682	9,183

This was part of programme CE2:40 in the old programme structure. Programmes that include payments made under the CAP have been split into two parts; the "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the "RSC Admin." part covers the administrative cost of making the scheme payments.

7.1 The objective of this programme is to stimulate additional economic activity, particularly on farms, in rural areas.

7.2 Its main component is the English Objective 5b programme. This provides for rural development programmes for the six areas in England designated under the EU Structural Funds. Expenditure on these programmes is partly reimbursed by the Guidance Section of the EAGGF. Projects submitted for support compete with each other for the funding available. Only those which best meet the objectives of the rural development programmes and which provide good value for money, are approved.

7.3 Total EU funding for the Objective 5b Programmes in England for the period 1994/1999 is approximately £376 million. Of this around £56 million (matched by an equivalent amount of national funding) will be spent on agriculture related projects. The programmes also call for private sector

objective 5: to enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer

investment of over £43 million to be found for these projects over this period. At the end of 1998 over £74 million of both EU and Government funds has been committed. Due largely to delays in the approval by the EU Commission of the Objective 5b programmes, this is not as much as forecast. However, interest in and awareness of the programmes has increased and uptake is improving. Of the £74 million so far committed, £31 million was committed in the past year. The target for attracting private sector project funds has already been exceeded by some £160 million.

Objective 5B Areas



objective 5: to enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer

7.4 The programmes provide support for a variety of activities including business advice and consultancy, farm diversification, marketing (of regional produce for example), farm tourism, environmental management, group activities (such as machinery rings) and R&D. Assistance is provided to applicants on the strength of their own proposals for worthwhile projects which will bring about sustainable economic growth.

7.5 Linked to the Objective 5b programme is the LEADER II (Liaisons Entre Actions de Développement de l'Economie Rural) EU Initiative. This initiative operates in Objective 1 and 5b areas and is designed primarily to assist the development of small scale, innovative measures of benefit to local areas. Support under LEADER II is made through Local Development Groups on the basis of an approved business plan. Individual project applications are then submitted through the groups on the basis that they will achieve the aims of the local business plan. At the end of 1998, over £1.8 million in EU and national public funding had been committed to 86 projects.

7.6 The programme also supports other rural socio-economic initiatives, such as Farmlink (which aims to increase public understanding of agriculture by establishing links between farms and schools) and measures aimed at alleviating stress in rural areas.

7.7 For this programme the key task for the future will be to seek satisfactory future EU arrangements for rural development support under the European Commission's Agenda 2000 proposals on the future of the Structural Funds and on CAP Reform.

Research and Development

7.8 This is a small research programme. Recently completed research looked at the information needs of the farming industry in transition, and at the barriers to marketing locally produced food. New research is examining the effects of part-time farmers on the interaction between farming and the environment, and the interactions between "incomers" and the traditional industry in rural areas.

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Hill Livestock Compensatory Allowances (Policy)
Programme Code: ES:020

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	27,896	43,164	27,893	27,895	27,897
of which:					
a) Current					
i) Running Costs	144	144	141	143	145
ii) Scheme Costs (including R&D)	27,747	43,015	27,747	27,747	27,747
iii) Receipts	0	0	0	0	0
b) Capital (net)	5	5	5	5	5
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	-5,711	-5,711	-5,711	-5,711	-5,711
Programme Total	22,185	37,453	22,182	22,184	22,186

This was part of programme RE1:01 in the old programme structure. Programmes that include payments made under the CAP have been split into two parts; the "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs, and the "RSC Admin." part covers the administrative cost of making the scheme payments. This programme also contributes to objective 2.

- 7.9** The objectives of this programme are to contribute to:
- a) the maintenance of upland rural communities (by supporting continued agricultural land use in the LFA); and
 - b) the maintenance of the upland environment (by ensuring that LFA land is managed sustainably).

7.10 1999 is expected to be the last year of the current Hill Livestock Compensatory Allowances (HLCA) Scheme. Under the EU Agenda 2000 initiative the terms for granting LFA support are to be revised, the intention being that compensatory allowances will be paid on an area (per hectare) rather than headage (per animal) basis, and with clearer environmental conditions. In 1998 the Comprehensive Spending Review confirmed the Government's intention to modify the HLCA Scheme to address more specifically both environmental and social concerns, and to do this in the Agenda 2000 context.

objective 5: to enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer

7.11 The EAGGF Guidance Section currently refunds up to 25% of HLCA expenditure, most of which occurs in February/March. Some UK expenditure does not qualify for EU reimbursement. This results in some 21% of MAFF spending being refunded in the second UK financial year following the one in which the expenditure occurred. Under the Agenda 2000 proposals the EAGGF Guarantee Section is expected to pre-fund a flat-rate 25% of national expenditure

7.12 Details of the new LFA arrangements have not yet been finalised.

7.13 For the 1999 scheme year HLCA payment rates have been increased by about 55%, viz:

Table 7.1: 1999 Rates of Hill Livestock Compensatory Allowance

£/head	Severely	
	Disadvantaged Area	Disadvantaged Area
Breeding cows	£73.39	£36.69
Hardy breed ewes	£ 8.88	£ 4.09
Other ewes	£ 4.64	£ 4.09

7.14 MAFF has a Citizens Charter target of paying all HLCA claims by 30 April each year. In 1998 98% of claims were processed by the target date.

7.15 It is difficult to assess the effectiveness of the HLCA scheme, given that it is not the only support measure for farming in the LFA. However, the objective for the new scheme will be to help sustain the economy and environment of the LFAs, with the aim of ensuring that there is no significant decline in the area of LFA land which is farmed.

objective 5: to enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer

Agricultural Resources
Programme Code: ES:030

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)-	1,452	1,452	1,335	1,369	1,392
of which:					
a) Current					
i) Running Costs	644	644	632	666	689
ii) Scheme Costs (including R&D)	733	733	633	633	633
iii) Receipts	-50	-50	-50	-50	-50
b) Capital (net)	125	125	120	120	120
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	1,452	1,452	1,335	1,369	1,392

This was part of programme CE2:23 Agriculture Resources and Better Regulation in the old programme structure (Agricultural Resources only).

- 7.16** The objectives of this programme are:
- a) to encourage the creation of a well-trained workforce within the agriculture and commercial horticulture industries,
 - b) to provide secretarial support for the Agricultural Wages Board for England and Wales, and enforce the agricultural minimum wage and other provisions in the Agricultural Wages Order, and
 - c) to ensure that other Government policies relevant to resources and employment take account of the agricultural industry and related sectors.

Agricultural Training

7.17 MAFF seeks, through contracts focused on key tasks, to encourage a well trained workforce in agriculture and horticulture by supporting industry led bodies. Scheme costs mainly comprise contract payments to Lantra which in April 1998 received accreditation from the Department for Education and Employment as the National Training Organisation for the

objective 5: to enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer

landbased sector. It was formed by bringing together the interests of ATB-Landbase, the Industry Training Organisation (ITO) for Agriculture and Commercial Horticulture, and the interests of other ITOs for related landbased industries. MAFF's current three year contract with Lantra runs to March 2000 and covers support for the agriculture and commercial horticulture sectors. Contract payments are reducing over the life of the contract from £700,000 in 1997/98 to £350,000 in 1999/00. In addition to direct MAFF funding, Lantra is also in receipt of Sector Challenge funding to support agricultural training worth some £1.94 million over three years to July 2000. Other scheme costs include a contribution of £36,000 per annum towards the educational activities of the National Federation of Young Farmers' Clubs. In 1998 some 3,217 level 1-3 National Vocational Qualifications were achieved in agriculture and horticulture, (this compares with 4,550 in 1997 and over 2,000 in 1996).

Agricultural Pay and Conditions

7.18 The Agricultural Wages Board (AWB) was set up in 1948 as an independent body with responsibility for determining minimum rates of pay and other conditions for agricultural workers in England and Wales. MAFF provides the Secretariat to the AWB and meets its expenses. It also enforces the Agricultural Wages Order (AWO) made by the AWB through its regional field staff. Formal complaints about underpayment of wages are followed up within 10 working days of receipt. In 1997, 62 complaints were dealt with, one of which went for prosecution and was successful. The AWO 1998 (Number 1), effective from 7 June 1998, set a rate of £4.26 per hour for full time standard workers and £3.21 per hour for casual workers.

7.19 During 1998 MAFF has been involved in the development of the Working Time Regulations and the National Minimum Wage Act 1998. Both pieces of legislation require adjustment to the Agricultural Wages Order provisions. A revised Agricultural Wages Order came into force on 1 October to take account of the Working Time Regulations 1998 which also came into force that day. This Order did not affect the rates of pay introduced in June 1998. To take account of the introduction of the National Minimum Wage, it is probable that the Board will also have to make a further Order in April 1999. The National Minimum Wage Act 1998 provides for the AWB to be retained but does not allow it to set a rate for agricultural workers which is lower than the National Minimum Wage of £3.60 per hour for adults (or a lower rate where that applies).

objective 5: to enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer

7.20 Under the Rent (Agriculture) Act 1976, MAFF continued to provide administrative support for, and finances, Agricultural Dwelling House Advisory Committees (ADHACs). A farmer may apply to the local housing authority requesting it to re-house an agricultural worker living in tied housing (who may for example be about to retire) on the grounds that the house is needed for another agricultural worker. The ADHAC advises the housing authority on the agricultural need for the farmer to regain possession of the house and the urgency. In 1997, 101 applications were considered. In 84 cases an agricultural need to re-house the worker was concluded and in 17 cases no need was concluded.

Finance

7.21 MAFF ensures that the needs of the agriculture, food and fishing industries are recognised during the formulation of tax and related policies, and their implementation. The Government continues to provide guarantees for existing loans taken out by agricultural businesses prior to 1989. These guarantees were provided through the mechanism of the Agricultural Credit Corporation where a qualifying business was unable to secure bank loans on normal commercial terms. No new guarantees have been agreed under this scheme since 1989; the value of outstanding guarantees is estimated to have been reduced by £0.5 million to £1.6 million. New guarantees are available to certain agricultural businesses under the Small Firms Loan Guarantee Scheme.

Employment Issues

7.22 Following a debate in the House of Commons on 21 May 1997, an interdepartmental working group, led by MAFF, was set up to review the activities of agricultural gangmasters. The working party identified a significant disregard of tax, national insurance and employment regulations by a minority of gangmasters and recommended that a comprehensive package of measures should be implemented in order to tackle gangmasters who act illegally and exploit their workers. The measures recommended included the provision of more information to employers and workers and better co-ordinated enforcement activities, 'Operation Gangmaster'.

7.23 'Operation Gangmaster' was launched on 9 June 1998 as a pilot covering Lincolnshire and East Anglia. It is a cross departmental initiative bringing together the Government agencies responsible for enforcing legislation applicable to the activities of gangmasters. The effectiveness of "Operation Gangmaster" is being assessed by external consultants. The

objective 5: to enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer

information obtained will be used by the Interdepartmental Working Party on Gangmasters to inform their advice to Ministers on the continuation and development of policies to curb the exploitative activities of gangmasters. To complement 'Operation Gangmaster' leaflets for workers and employers setting out their rights and obligations respectively were distributed on a national basis. The leaflets set out for the first time in one place all legal requirements and provisions relevant to casual and seasonal workers including minimum rates of pay, tax, national insurance, health and safety etc. In addition an industry code of practice on employment of casual and seasonal workers was launched on 9 June by the National Farmers Union with the backing of the Fresh Produce Consortium and British Retail Consortium.

7.24 MAFF continues to support initiatives intended to improve safety in the workplace and is working to raise awareness of health and safety issues in the sector. This complements the work of the Health and Safety Executive.

**objective 6: to administer
payments under the Common
Agricultural Policy fairly and in
full accordance with EU
requirements**

objective 6: to administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements

Regional Service Centres

MAFF's regional administration structure consists of nine Regional Service Centres (RSCs), each headed by a Regional Director, located at Bristol, Cambridge, Carlisle, Crewe, Exeter, Northallerton, Nottingham, Reading and Worcester. The Centres handle the administration of work relating to many programmes including grant and subsidy schemes, licensing and various other services provided to farmers and growers. The core work of the RSCs is the receipt, checking, field inspection, control and authorisation of applications for payments under CAP schemes. All the main schemes operated by the RSCs are mandatory with central rules determined by the EU under the umbrella of the Integrated Administration and Control System (IACS). The value of payments on the major schemes under IACS is more than £1.5 billion annually. Regional Directors also act as the Minister's representative in their region.

Performance data for the Regional Organisation is shown in Table 8.3.

objective 6: to administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements

Table 8.1: Running costs incurred by Regional Service Centres on CAP schemes

Scheme	Running costs
£'000	1998-99
	Estimated
	Outturn
Environmentally Sensitive Areas Scheme (RSC administration)	
Programme code CP:010	1,401
Countryside Stewardship Scheme (RSC administration)	
Programme code CP:020	1,972
Farm Woodlands/Farm Woodlands Premium Scheme (RSC administration)	
Programme code CP:030	366
Organic Aid Scheme (RSC administration)	
Programme code CP:040	95
Rural Economy (RSC administration)	
Programme code CP:050	745
Arable Crops (RSC administration)	
Programme code CP:080	
This includes the Arable Area Payments Scheme	6,994
Beef (RSC administration)	
Programme code CP:090	
This includes the Beef Special Premium Scheme and the Suckler Cow Premium Scheme	8,630
Sheep Annual Premium Scheme (RSC administration)	
Programme code CP:100	2,901
Milk and Milk Products (RSC administration)	
Programme code CP:110	472
Hill Livestock Compensatory Allowances (RSC administration)	
Programme code CP:120	1,081
CAP Schemes Management	
Programme code CP:060	7,502

objective 6: to administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements

CAP Schemes Management
Programme Code: CP:060

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	8,812	8,538	8,535	8,757	8,157
of which:					
a) Current					
i) Running Costs	7,502	7,502	7,499	7,721	7,121
ii) Scheme Costs (including R&D)	1,234	960	960	960	960
iii) Receipts	0	0	0	0	0
b) Capital (net)	76	76	76	76	76
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	8,812	8,538	8,535	8,757	8,157

This was programme CE1:02 in the old programme structure.

- 8.1** The objectives of this programme are:
- a) to administer policy relating to the Integrated Administration and Control System (IACS) and to ensure that the CAP schemes providing for direct payments to farmers are operated efficiently, effectively and economically;
 - b) to prevent fraud by protecting expenditure under the farm-based aid schemes.

Administration of the Integrated Administration and Control System

8.2 MAFF is responsible for administering IACS in England and is the competent authority for co-ordinating the development of IACS by all Agriculture Departments.

8.3 Under IACS farmers wishing to claim subsidies must submit an annual application providing details of their farmed land on a field by field basis. These details are held on a computerised database which provides

objective 6: to administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements

the basis of co-ordinated checks on subsidy claims for Arable Area Payments, Beef Special Premium, Suckler Cow Premium, Sheep Annual Premium, Hill Livestock Compensatory Allowances and the Aid for Grain Legumes Scheme.

8.4 Farmers in England submitted just over 76,400 IACS applications by the 15 May 1998 deadline. All necessary administration checks were completed on time in order to meet payment deadlines for the various schemes. Targets for inspecting at least 5% of farms (including cases inspected via remote sensing) were met.

8.5 In the context of the CSR, management consultants together with the Efficiency Unit of the Cabinet Office and MAFF officials conducted a study of CAP administration within MAFF. An action plan to take forward the recommendations of the study was agreed by MAFF's Management Board in September 1998. It was decided that with the additional funding provided as part of the outcome of the CSR, a more integrated IT system for administering CAP Schemes should be developed incorporating a Geographical Information System (GIS) for IACS; a new unit within CAP Schemes Management Division should be created to focus on operational best practice; and that a scrutiny should be commissioned to examine the way staff in the Regional Service Centres were organised, graded and rewarded.

8.6 Checks on 1997 IACS applications were completed on time and 1998 IACS documentation was issued to farmers at least two months before the submission deadline for 1998 applications. MAFF has continued to use remote sensing as part of its overall strategy for evaluating the accuracy of claims submitted under IACS. Payments were made under this programme for these checks, which were 50% part funded from the EAGGF. From 1999 onwards, however, such checks will be entirely nationally funded. A key task for the future is likely to be the adaptation of IACS to implement changes in support arrangements resulting from agreement on the Agenda 2000 proposals.

Action against CAP fraud and irregularity

8.7 EU legislation requires Member States to report all irregularities (i.e. both fraudulent action and claimant error) found with a value over 4,000 ECU (1997 = £2,955). The number of irregularities reported by Member States (including the UK) was higher in 1997 than in previous years (see table 8.2). However, the total value of irregularities reported has fallen for the third

objective 6: to administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements

consecutive year and remains significantly below the levels in 1993 and 1994. This reflects the shift of expenditure away from export refund and market support measures, areas traditionally associated with large scale fraud, towards direct payments to farmers, coupled with the development of improved scheme controls. Although over 60% of the CAP budget is now paid in direct aid to farmers, these measures account for only 45% of the number and 20% of the value of reported irregularity cases.

Table 8.2: Cases of irregularities reported to the Commission under EU Regulation 595/91

		EU 15* *[EU 12 before 1995]	UK	UK proportion
1993	Cases	1,267	180	14%
	Value (£m)	228	2.6	1%
1994	Cases	1,599	225	14%
	Value (£m)	334	8.2	2.5%
1995	Cases	1,754	219	12.5%
	Value (£m)	174	6.5	4%
1996	Cases	1,944	245	12.5%
	Value (£m)	169	3.4	2%
1997	Cases	2,058	246	12%
	Value (£m)	122	3.5	3%

8.8 On 1 July 1996, the so-called Blacklist Anti-Fraud Regulation came into effect in the EU. The Regulation aims to reduce fraud within export refund and intervention measures by intensifying checks against those suspected of having committed a substantial irregularity. It also provides for those found to have committed a fraud to be excluded from EU aid for a period of at least 6 months. There is a requirement on Member States to notify the Commission and other Member States of such cases. During the first three years of the systems operation, fourteen notifications by Member States black-listing economic operators had been made to the Commission. One notification has been made by the UK in the last year. The operation of the system is being carefully monitored and is due to be substantively reviewed by the Commission in due course.

8.9 A report by the Committee of Public Accounts on "Ministry of Agriculture, Fisheries & Food: Tackling Common Agricultural Policy Irregularities" was published on 3 December 1997, based on a National

objective 6: to administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements

Audit Office report published in February 1997. The Committee's main conclusions and recommendations related to the reporting of CAP irregularities within the EU; operation of scheme controls; and the action to be taken in the event of irregularities. The Government's response was published on 25 March 1998 (Cm 3894), and implementation of the Committee's recommendations is currently underway.

8.10 Details of all irregularities notified by UK Departments were submitted to the Commission on time each quarter.

Table 8.3: RSC performance data (%) for financial year 1997/98 (unless otherwise specified)

		TOTAL
Arable Area Payments Scheme	Main payments	99
Oilseeds	Advanced payments	99
	Final payments	99
Beef Special Premium Scheme	Advance payments (1997)	96
	Balance payments (1996)	100
	CID applications issued (1997)	99
	Premium paid CIDs issued (1997)	99
Suckler Cow Premium Scheme	Balance payments 1996	99
	Advance payments 1997	99
Hill Livestock Compensatory Allowances	Claims 1997	99
Sheep Annual Premium Scheme	Claims marketing year 1997	99
Environmentally Sensitive Areas	Applications	82
	Claims	96
Environmentally Sensitive Areas Conservation Plan	Applications	87
	Claims	96
Farm and Conservation Grant Scheme 1989	Plan claims	98
Farm and Conservation Grant Scheme 1991	Plan claims	86
Farm Woodland Premium Scheme	Applications	93
	Claims (1997)	80
Injurious Weeds	Complaints	98
Pilot Nitrate Sensitive Areas Scheme	Claims (1997)	77
New Nitrate Sensitive Areas Scheme	Applications (1997)	98
	Claims	99
Protection of Badgers Act 1992	Licence applications	99
Strychnine Permits	Applications	99
Agricultural Wage Inspections	Complaints	92
Wildlife and Countryside Act	Licence applications	98
Correspondence	Answered within 10 working days	98
Complaints	Numbers receiving response within 10 working days	89

objective 6: to administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements

Notes:

- 1. The Five Year Set Aside Scheme closed for new applications on 30 September 1996. Performance data is therefore not included in the table. Similarly the Farm & Conservation Grant Scheme (1989) Non-Plan Claims has also been omitted: this scheme closed on 19 February 1996.
- 2. Ten complaints were referred to the MAFF Adjudicator during the year. 3 of these were upheld, 6 were not upheld. One case is outstanding pending the conclusion of legal action by the complainant.
- 3. The relatively high failure rate for ESA Applications and ESA Conservation Plan Applications is due mainly to problems associated with IACS reconciliation. In the case of F&CGS 1991 Plan Claims, it is due to small numbers of claims giving rise to a disproportionate number of complex problems.
- 4. The relatively high failure rate for the FWPS Claims and the Pilot NSA Claims are due to the diversion of staff resources to higher priority work.
- 5. The total percentage has been calculated by setting the entire number of applications or claims cleared within the target time, against the total number received. Applications and claims not cleared due to reasons beyond our control (incorrect information supplied by applicant, etc.) are not included as failures to meet target.
- 6. The Farm & Conservation Grant Scheme (1991) Plan applications, the Farm Diversification Grant Scheme (Capital Items) Claims, the Farm Diversification Grant Scheme (Feasibility & Marketing) Claims, and the Agricultural Improvement Scheme Plan Claims have all been omitted from the table, as the numbers involved are de-minimis.
- 7. For convenience, this table includes both CAP and domestic aspects of the RSCs' work.

**objective 7: to conserve fish
stocks for future generations
and secure a sustainable future
for the sea fishing industry**

objective 7: to conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry

Conservation of Sea Fish Stocks
Programme Code: FS:010

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	11,488	11,478	11,448	11,416	11,379
<i>of which:</i>					
a) Current					
i) Running Costs	893	893	896	895	888
ii) Scheme Costs (including R&D)	10,609	10,599	10,566	10,535	10,505
iii) Receipts	-14	-14	-14	-14	-14
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	11,488	11,478	11,448	11,416	11,379

This was programme CE2:30 in the old programme structure.

- 9.1** The objectives of this programme are:
- a) to manage UK fishing opportunities, principally through the Common Fisheries Policy (CFP), so that stocks are conserved to the benefit of producers, processors and consumers, and
 - b) to ensure that environmental considerations are properly taken into account in fisheries policy decisions.

9.2 The major concern of the programme is the conservation of sea fish stocks, mainly in the context of the CFP. The International Council for the Exploration of the Sea (ICES) (the UK subscription to which accounts for the majority of the non-agency scheme costs under the programme) prepares scientific advice on the levels of fishing that stocks can sustain; and each year, within the CFP, the Council of Ministers sets Total Allowable Catches (TACs) in the light of ICES advice. TACs are allocated as quotas to Member States using fixed keys based on historic fishing activity. The CFP also aims to conserve stocks by making rules on fishing gear and methods.

objective 7: to conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry

9.3 MAFF leads for the UK in CFP negotiations. It is also responsible for overseeing the twelve Sea Fisheries Committees (SFCs) which regulate inshore fisheries in England and Wales.

9.4 MAFF's Agency, the Centre for Environment, Fisheries and Aquaculture Science (CEFAS) accounts for most of the scheme costs of this programme. In 1998-99 it monitored the level of 31 stocks of fish and contributed detailed knowledge of their size composition to ICES. An innovation in the subsequent ICES advice was the inclusion of a precautionary element taking account of initial thinking on new biological reference points. The TACs set by the Council for 1999 reflected this advice and (before in-year adjustments) produced total UK quotas for fish stocks in EU waters of 549,000, expressed as cod equivalent. This compares with a final figure of 571,000 tonnes in 1998. A measure of the state of stocks is the proportion fished by the UK and other EU fleets which is considered to be above the level (known as the minimum biologically acceptable level) necessary to avoid an increasing risk that they will fail to reproduce themselves: this was 43% in 1995, 51% in 1996 and 51% in 1997. However, the figures are not directly comparable from year to year because the stocks included by ICES vary.

9.5 The UK Fisheries Conservation Group consists of representatives of the industry, fisheries scientists and officials from the four UK Fisheries Departments. The Group met during the year to discuss new national measures to reduce catches of under-size fish and shellfish and discards. Following consultations new conservation measures were announced to protect stocks of lobsters, crabs, crawfish and whelks.

9.6 The UK continued to work to improve management and conservation of fish stocks internationally, particularly in the context of the CFP. During the UK's Presidency of the Fisheries Council agreement was reached on extending the protection of the quota system to additional North Sea stocks and phasing out the use of high seas drift nets in order to protect dolphins in particular. The European Commission also responded to UK priorities by making significant proposals on enforcement and by reporting on follow-up to a meeting of North Sea Fisheries and Environment Ministers in March 1997 which stressed the need for further integration of environmental considerations into the CFP. The UK encouraged the further development of regional meetings under the CFP in order to increase the involvement of fishermen and develop the regional dimension of the CFP.

objective 7: to conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry

9.7 For the future, MAFF will pursue all opportunities for improving the CFP, work to ensure that CFP TACs continue to reflect UK objectives and seek to achieve further progress in integrating fisheries and environment policies.

Research and Development

9.8 The overall aim of the research programme is to help the development of management measures and the assessment of the environmental impact of fishing on the marine ecosystem. For example, electronic data storage tags are being used to study the migration of commercially important fish species. Results from this work help in assessing the scope for adopting alternative management measures, such as closed areas or seasons, and establish the extent to which fish stocks intermix which is relevant for quota management purposes. For crustacea, a novel method of ageing lobsters is being developed which may have direct management application for this valuable resource. Research into the impact of beam trawling and scallop dredging on the seabed show that there tends to be less effect in shallow waters, which are disturbed by storms and tides. In deeper water where bottom-living communities are adapted to a more stable environment, recovery rates from fishing are likely to be slower. Other research includes the development of models aimed at establishing predator-prey relationships and work concerned with the impact of fishing on small cetaceans such as porpoises.

objective 7: to conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry

Fishing Fleet Structure and Effort
Programme Code: FS:020

£ '000	Planned	Estimated	Plans		
	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	409	409	3,911	3,916	3,918
of which:					
a) Current					
i) Running Costs	461	461	463	468	470
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	-52	-52	-52	-52	-52
b) Capital (net)	0	0	3,500	3,500	3,500
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	409	409	3,911	3,916	3,918

This was part of programme CE2:31 Fishery Structures and Markets in the old programme structure (fishing fleet structure and fishing effort only).

9.9 The objective of this programme is to improve the sustainability of the fishing industry by meeting EU targets for reducing fishing effort.

9.10 The programme operates through a combination of financial incentives and regulatory measures in order to address structural problems in the fishing fleet. The level of fishing effort deployed by the UK fleet is regularly monitored against EU targets and where necessary, measures are put in place to restrict the activity by the sections of the fleet to ensure that the UK remains within its overall objectives for reducing fishing effort. A limited complementary scheme for reducing catching capacity through decommissioning is envisaged for those parts of the fleet not susceptible to effort control.

Achievements

9.11 Arrangements have been put in place to ensure that fishing effort does not exceed the UK's MAGP IV targets, while allowing the industry itself

objective 7: to conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry

to regulate its own uptake within the allocation set. A further tranche of decommissioning grants in the 1997/98 financial year removed 4,215 tonnes of capacity from the UK fishing fleet (approximately 2% of the total) at a cost of £13.9 million.

Plans for the future

9.12 As explained under programme TM:160 in Chapter 6, EU structural funds are being reformed under the Commission's Agenda 2000 programme for aid in the years 2000-2006. Levels of funding and the exact measures that will be aided are unknown at this stage. There is expected to be provision for aid for fleet restructuring measures. Levels of funding are unknown at this stage.

9.13 Fishing effort will continue to be monitored and action taken if necessary to ensure that we do not breach our internationally agreed targets. Further decommissioning grants are envisaged for those sections of the fleet where our effort reduction targets cannot be met in any other way.

9.14 The objectives of this programme are the equitable management and full utilisation and effective enforcement.

objective 7: to conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry

Fishery Management and Enforcement
Programme Code: FS:030

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	14,120	14,116	14,134	14,015	13,848
of which:					
a) Current					
i) Running Costs	3,554	3,554	3,568	3,449	3,282
ii) Scheme Costs (including R&D)	10,919	11,480	10,919	10,919	10,919
iii) Receipts	-463	-1,028	-463	-463	-463
b) Capital (net)	110	110	110	110	110
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	-613	-612	-612	-612	-612
Programme Total	13,507	13,504	13,522	13,403	13,236

This was programme CE2:34 in the old programme structure.

9.15 All UK fishing vessels fishing for profit must be licensed by the Fisheries Departments. To help conserve stocks and to contain the size of the fleet, only replacement licences are issued. Quotas are allocated annually between producer organisations and other groups of fishermen, primarily on the basis of historic catches. National and EU fisheries regulations are enforced by the Sea Fisheries Inspectorate, assisted by the Royal Navy's Fishery Protection Squadron and aerial surveillance. The Inspectorate also collects essential information on fishing activity. In 1998 12 out of 82 quotas were fished to within 95 to 105% of allocation. The number of quotas overfished by more than 5% was 1. There were 34 prosecutions resulting from infringements that were committed in 1998 and earlier years. A total of 265 infringements were detected in 1998.

9.16 On 1 April 1998 revised licensing arrangements were introduced for the ring fencing of the pelagic fleet. A new contract for the provision of aerial surveillance services from 1 September 1998 to 31 March 2007 was awarded to Directflight Ltd. In June 1998 EU measures setting out the

objective 7: to conserve fish stocks for future generations and secure a sustainable future for the sea fishing industry

detailed rules for catch reporting in Western Waters were agreed, completing the implementation of the package of measures for the integration of Spain and Portugal into the Common Fisheries Policy. A contract for the establishment of the UK's fishing vessel satellite tracking system was awarded to Racal Thorn Wells. Following extensive consultation with the fishing industry, Ministers confirmed that a system of fixed quota allocations would operate from 1 January 1999. In July, agreement was reached with the European Commission on the introduction, from 1 January 1999, of new measures designed to ensure that all vessels fishing our quotas maintain real economic links with UK fishing communities. In November 1998, Ministers confirmed that new control arrangements involving the prior notification of whitefish landings by vessels 20 metres and above, with derogations for landings at designated ports, would operate from 5 January 1999. In December 1998 agreement was reached on EU measures to strengthen control arrangements throughout the fisheries sector. Ministers also confirmed that action would be taken to require the recording of the maximum continuous engine power of UK fishing vessels.

9.17 Effective fisheries management and enforcement remain essential to the future viability of the fishing industry. Key tasks for 1999 include the implementation of EU measures to strengthen enforcement including satellite monitoring, the operation of fixed quota allocations and the new rules for ensuring fishing vessels maintain real economic links with the United Kingdom, and action to ensure the recording of the maximum continuous engine power.

**objective 8: to ensure that
farmed animals and fish are
protected by high welfare
standards and do not suffer
unnecessary pain or distress**

objective 8: to ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress

Farm Animal Welfare
Programme Code: WS:010

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	7,982	7,950	8,048	8,029	8,026
of which:					
a) Current					
i) Running Costs	3,207	3,207	3,265	3,279	3,309
ii) Scheme Costs (including R&D)	4,775	4,743	4,783	4,750	4,717
iii) Receipts	0	0	0	0	0
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	7,982	7,950	8,048	8,029	8,026

This was programme AW1:01 in the old programme structure.

10.1 The objective of this programme is the encouragement of high welfare standards on farms, during transport, at markets and at slaughter.

10.2 Public interest continued at a high level in 1998, with exports of live animals – as ever – a matter of keen controversy. 88 parliamentary questions were answered, together with around 4,700 letters.

10.3 MAFF continues to base its policy on advice from the independent Farm Animal Welfare Council (FAWC), underpinned by research. The primary objective is to advance standards of farm animal welfare at the EU level. Most welfare standards now rest on EU law, which is in turn heavily influenced by the Council of Europe's Conventions and the standards adopted under them, but in some cases UK standards are higher.

10.4 The key indicators of welfare are the conditions found on farms. The State Veterinary Service (SVS) monitors compliance with legal requirements. During 1998 it carried out 6,592 inspections on farms to check welfare

objective 8: to ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress

standards; most were found to be satisfactory but 704 inspections (about 11%) found cases of unnecessary pain or unnecessary distress. Investigations with a view to possible prosecution were initiated in 212 cases. During inspections on pig farms, SVS officers reminded farmers that the law does not allow tail-docking of piglets to be carried out routinely. A targeted programme of visits to broiler units was carried out during the summer to help reduce heat stress related deaths. The Department also provided veterinary and technical advice to farmers on animal welfare by funding individual visits and ADAS seminars.

Welfare on Farms

10.5 Agreement in June 1998 on Council Directive 98/58 on the protection of animals kept for farming purposes was a key Presidency achievement for the UK. The Directive sets general welfare standards for all species of farmed livestock and establishes a framework for the adoption of further detailed measures on particular species. It does not resolve the problem of competition from third countries with lower welfare standards, but requires the Commission to produce a report.

10.6 Negotiations also began on the long overdue proposals to update EU requirements for laying hens. The UK took steps to ensure that both economic and welfare issues were addressed during its Presidency. Negotiations were still in progress at the end of 1998.

10.7 Regulations which came into effect in July 1998 implemented the new EU requirements on the welfare of calves, maintaining those existing GB requirements (eg the ban on the close confinement veal crate) which exceeded or anticipated the EU provisions.

10.8 The Council of Europe continued to develop European standards for farm animal welfare. Work continued during 1998 on a number of draft recommendations including those on turkeys and animals farmed for their fur.

10.9 The updating of the UK welfare codes for farmed livestock was restarted, having been delayed by other priorities. Consultation on a revised code on sheep ended in June 1998 and Parliamentary approval will be sought in 1999. Revised codes on broilers and pigs are the next priority.

10.10 The FAWC published advice during 1998 on the welfare of broiler breeders and on the implications of cloning for the welfare of farmed

objective 8: to ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress

livestock. It also made proposals for the registration of poultry keepers and during 1999 is expected to finalise advice on the effectiveness of enforcement of welfare legislation. Towards the end of the year the Council embarked on a review of the priorities for animal welfare research and development. The Government response to the FAWC report on farmed fish was issued during October 1998.

Welfare in Transit

10.11 During the year much has been done to implement the Welfare of Animals (Transport) Order 1997 (WATO 97), to monitor enforcement and to press for higher standards in the EU. In addition, an important initiative to improve export certification standards has been carried forward. An Enforcement Liaison Officer was taken on on secondment from a local authority: this innovation proved to be of considerable benefit in helping to ensure consistency of knowledge and understanding among enforcement staff.

10.12 Following the commitment made by Ministers when WATO 97 was introduced, work began in August 1998 to review the Order, to see how it might be refined and improved after one year of operational experience. The review also considered the closely related welfare in markets legislation. Full public consultation on proposals for change will take place in 1999.

10.13 In February 1998, agreement was reached in Brussels on Council Regulation 411/98 on additional standards for road vehicles used for the transport of livestock on journeys exceeding 8 hours, to come into force on 1 July 1999. These standards, particularly those for ventilation, are not high enough in the opinion of the Government, which has continued to press for stricter vehicle standards throughout the EU.

10.14 In March 1998, comprehensive guidance was issued to employers on how to assess the competence of their staff in the handling, transport and care of animals (PB 3575). This was aimed at those transporters of livestock undertaking journeys of 8 hours or more by road or any air, sea or rail journey and who, from 1 July 1998 were required to entrust animals only to staff who had demonstrated competence in handling and transporting animals. Revised guidance on WATO 97 was published and made widely available in May 1998 (PB 3766).

10.15 The Welfare of Animals (Staging Points) Order 1998 was made on 13 October 1998, to make enforceable the rules under Council Regulation

objective 8: to ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress

1255/97 which sets the criteria for construction and operation of staging points, where farm livestock and horses must be rested for 24 hours when the maximum permitted journey time has been reached.

10.16 In line with Government policy to introduce new procedures for the certification of live food animals prior to export, there was public consultation on the details of the proposed changes and on the level of charges for inspection. Draft legislation was also prepared. The changes are designed to avoid any compromising of welfare standards. They will make MAFF, instead of exporters, responsible for appointing and paying the LVI who inspects exports and will set out the standards that are expected.

Welfare at Markets

10.17 The 1998 Strategy for the Protection of Animal Welfare in Livestock Markets was launched by the Parliamentary Secretary, Mr Morley, on 25 September (PB 3977). The strategy is intended to remind everyone using livestock markets of their responsibilities for ensuring that animal welfare is safeguarded, encourage training for market staff and improve communications between all interested groups. An assessment protocol was developed and arrangements were put in place for the SVS to monitor the impact of the strategy and compliance with the legislation.

Welfare at Slaughter

10.18 The Meat Hygiene Service (MHS) and the SVS continued to monitor compliance with welfare legislation in licensed slaughterhouses and other premises respectively. On 31 July 1998 the MHS reported on the second biennial survey of welfare in licensed red meat and poultry slaughterhouses, which had been carried out in 1997. This report found generally high standards of animal welfare in slaughterhouses but also recommended that there was scope for improvements in the provision of formal training in animal welfare and the development of written animal welfare policies in individual slaughterhouses.

10.19 In December 1998, consultations were initiated on proposals to amend the Welfare of Animals (Slaughter or Killing) Regulations 1995 to take into account the opinion of the European Commission and other EU Member States, that Directive 93/119 requires religious slaughter to be carried out only in slaughterhouses.

objective 8: to ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress

10.20 The SVS visited seasonal poultry slaughterers in 1998, as it does each year, to inspect standards of welfare at slaughter. Analysis of the 293 such visits carried out at the end of 1997 found overall standards to have been reported as satisfactory or excellent in 97% of the premises visited. Welfare inspections were also made, as in other years, to knacker's yards and hatcheries. Where necessary, action was taken and advice given to correct any deficiencies. Twenty investigations with a view to possible prosecution were instigated during 1998 either by the MHS or core-MAFF.

10.21 Welfare at Slaughter "pocket notes", giving guidance on the law and best practice, were sent to all slaughterhouse operators and enforcement staff (PB 3476, 3477, 3478). A technical leaflet on alleviating thermal stress in poultry in lairage (PB 3724) was sent to all poultry slaughterhouses to make sure that the results of research were directly available to the industry.

Farm Animal Welfare Council (FAWC)

10.22 The Farm Animal Welfare Council (FAWC) is an independent advisory body established by Government in 1979. Its terms of reference are to keep under review the welfare of farm animals on agricultural land, at market, in transit and at place of slaughter; and to advise the Minister of Agriculture, Fisheries and Food and the Secretaries of State for Scotland and Wales of any legislative or other changes that may be necessary.

Research and Development

10.23 MAFF funded research on animal welfare includes both applied and strategic research dealing with the welfare of animals at all stages of production. The research programme is used to provide a sound scientific base to support the achievement of the highest possible welfare standards. One aim of the programme is the development of production systems which improve welfare. Specific projects are directed towards understanding the causes of welfare problems such as aggressive behaviour and musculoskeletal disorders especially those which cause lameness in poultry, pigs and ruminants. Issues relating to welfare during transport and at slaughter are also being addressed.

**objective 9: to reduce risks to
people and the developed
and natural environment from
flooding and coastal erosion**

objective 9: to reduce risks to people and the developed and natural environment from flooding and coastal erosion

Flood and Coastal Defence
Programme Code: FE:010

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	77,648	77,648	82,585	85,626	87,569
of which:					
a) Current					
i) Running Costs	2,210	2,210	2,173	2,234	2,198
ii) Scheme Costs (including R&D)	6,084	6,084	7,308	6,038	6,017
iii) Receipts	-36	-36	-36	-36	-36
iii) Environment Agency	192,316	192,316	197,255	197,543	200,615
b) Capital (net)	69,390	69,390	73,140	77,390	79,390
of which Credit Approvals	16,000	16,000	17,000	18,000	18,000
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	77,648	77,648	82,585	85,626	87,569

This was programme PP4:01 in the old programme structure.

11.1 This programme aims to reduce risks to people and to the developed and natural environment from flooding and coastal erosion in England.

11.2 MAFF scheme costs mainly comprise grants for flood defence and coast protection. The table above also shows Supplementary Credit Approvals (which authorise local authorities to borrow the balance of capital costs of approved schemes after MAFF grant and other contributions) and the charges levied by the Environment Agency on local authorities for its flood defence expenditure which are determined by the Regional Flood Defence Committees of the Agency.

11.3 MAFF grant aids local operating authorities in England (local authorities, the Environment Agency and Internal Drainage Boards) for between 15% and 85% of the value of individual capital projects to provide sound and sustainable flood and coastal defences and warning systems. In total, MAFF meets some 50% of the eligible capital expenditure annually.

objective 9: to reduce risks to people and the developed and natural environment from flooding and coastal erosion

Advice and guidance are provided for authorities on technical, economic and environmental issues. MAFF funds a research programme for improving understanding of the processes involved in flooding and coastal erosion, examining techniques for the design and management of defences, and furthering environmental interests.

11.4 Table 11.1 shows results from flood and coastal defence projects (including sea defence and protection against coastal erosion).

11.5 Expenditure on grant aid and Supplementary Credit Approvals for flood defence and coast protection schemes is forecast to be £69 million in 1998-99. Progress has been made with a number of large and important schemes including those on the Lincolnshire coast, at Eastbourne, Maidenhead, Minehead, Blackpool, Easington and the Humber Estuary. Following the 1996 Review of the Coast Protection Survey of England, maritime district councils – local authorities with responsibility for coast protection – were asked to report on their plans for improving class 4 defences (those needing most urgent capital work). The responses show for the majority a policy has now been assigned indicating that capital works are being planned, are in the process of being developed or are approved, maintenance only is sufficient or have been abandoned. Over the period since the original Coast Protection Survey in 1993 there has been a steady upward increase in the length of class 4 defences. In contrast the survey of the Environment Agency’s sea defences shows an overall slight reduction in class 4 defences since it was first undertaken in 1991.

Table 11.1: Performance Indicators relating to flood and coastal defence projects

Year	1996-97	1997-98	1998-99 (Estimate)
Number of schemes approved in year	213	166	140
To protect: houses	42,400	34,700	26,700
commercial properties	3,100	2,700	2,100
agricultural land (ha)	84,000	80,000	61,000
Length of defence approved (km)	145	90	70
Administration cost per £m grant approved (£'000)	8	10	14
Aggregated benefit/cost ratio of schemes approved	6.2:1	6.5:1	N/A
Number of ongoing schemes (including those approved in-year)	700	700	675

objective 9: to reduce risks to people and the developed and natural environment from flooding and coastal erosion

11.6 Future plans for investment in grant and Supplementary Credit Approvals have been increased in recognition of the importance of sustaining flood defences and coast protection. The plans are now:-

1998-99	1999-2000	2000-01	2001-02
£69m	£74m	£77m	£79m

11.7 A key task for 1998 was to develop the pilot priority score arrangements (which informed allocations to authorities for 1998-99) to cover the planning period. The initial indications were that the arrangements identified schemes in an appropriate priority order for funding, but that their capability of informing forecasts over a number of years needed to be established. The priority score arrangements were introduced for the planning exercise in January 1998 and will continue in force for such exercises (twice yearly) up to and including August 2000, when a review of the extended pilot exercise will be undertaken. The first planning exercise identified a need for authorities to improve in both the realism of their forecasts and the full provision of priority score documents.

11.8 MAFF has continued to pursue with the Environment Agency the possibilities of Public Private Partnership (Private Finance Initiative) in the flood defence area. A formal test of the market is being undertaken on two schemes, Pevensey Bay in Sussex and Broadland in Norfolk. Both schemes have been included on the HM Treasury list of "significant projects" and have been given "pathfinder status". Invitation to Negotiate documents were issued on Pevensey in September 1998 and Broadland in October 1998, and the Agency will continue negotiations with selected consortia with a view to contracts being let in autumn 1999. The wider application of this procurement approach to the flood and coastal defence programme will be examined in the light of experience gained from these two pilot projects. In the meantime, other procurement initiatives are being considered with a view to securing improved value for money.

11.9 The Agriculture Select Committee (ASC) Report on Flood and Coastal Defence was published on 5 August 1998. The report supported the broad thrust of MAFF's current policy approach towards flood and coastal defence but recommended fundamental and far reaching changes on issues such as institutional and funding arrangements and a greater use of measures such as managed realignment as a sustainable means of defence. In response to the recommendations Ministers concluded that MAFF's existing policies are capable of delivering sustainable flood and coastal defence though there could be a greater role for less interventionist measures as options for

objective 9: to reduce risks to people and the developed and natural environment from flooding and coastal erosion

operating authorities to consider within their strategies. While the Government was not persuaded that the present institutional arrangements, which offer a suitable measure of local democratic input, should be changed, it did agree to conduct a review of the funding arrangements. The Government will also be working with the Environment Agency in developing its general flood defence supervisory duty and with operating authorities to set appropriate targets, and monitoring arrangements to further facilitate achievement of government policy objectives.

11.10 The floods of Easter 1998 followed prolonged heavy rain and were the worst for decades affecting large areas of central England and Wales. Five people lost their lives and many thousands of others were affected by the floodwaters. MAFF expresses its sympathy to all those who lost loved ones or whose homes and possessions were damaged by the floods.

11.11 The Environment Agency has primary responsibility for flood defence operations in England and Wales and it is also responsible for flood warning dissemination. Shortly after the floods, the Agency, with the Minister's agreement, commissioned a comprehensive Independent Review to investigate the circumstances surrounding them and to identify the lessons to be learned. The Independent Review Team, under the Chairmanship of Mr Peter Bye, a retired Chief Executive of Suffolk County Council, published its final report on 1 October 1998. The report criticised some aspects of the Agency's performance, including the failure to provide flood warnings in Northampton and Kidlington and identified lessons to be learned. On 20 October 1998 the Parliamentary Secretary, Elliot Morley, announced a programme of work to be undertaken by the Agency to build real improvements into the flood warning system and procedures for the future. Mr Morley stressed the need to provide a seamless and integrated service of flood forecasting, warning and response by April 2000. Allied to this was a series of priority tasks for completion by that date. Flood warning procedures operated effectively during flooding which followed heavy localised rainfall at the end of October.

11.12 Of the provision referred to in paragraph 11.6, MAFF has set aside up to £3 million in 1999-2000 to provide direct support to the flood warning and other improvements flowing from the independent report. Most of the funding to implement the report will, however, come from levies that local authorities pay to the Environment Agency. Reflecting this and other needs, local authorities flood and coastal defence Standard Spending Assessments for 1999-2000 are being increased by 6.3% above their expenditure in 1998-99.

objective 9: to reduce risks to people and the developed and natural environment from flooding and coastal erosion

11.13 On 9 July 1998, Mr Morley, announced that MAFF funding criteria would be adjusted to ensure internationally important conservation sites, designated under the EU Habitats and Birds Directives, are protected from flooding or erosion. In some circumstances it will be appropriate to protect habitats in situ, whereas in other cases provision of replacement habitat will need to be considered. Schemes for protecting such sites will be considered against strategic management plans which are being developed by English Nature and the Environment Agency.

11.14 Since 1995, MAFF has encouraged the establishment of voluntary coastal groups covering each of 11 defined 'sediment cells' around the coastline of England and Wales. The groups comprise flood and coastal defence operating authorities, local authorities and others with coastal interests. They have been developing forward looking Shoreline Management Plans which take into account natural coastal processes, coastal defence needs, environmental considerations, planning issues and current and future land use. It is envisaged that all of the first round plans will be completed by early 1999. These will be living documents and therefore continually assessed and revised as necessary over time, with major reviews at approximately 5 yearly intervals.

11.15 MAFF has strongly encouraged operating authorities to produce Water Level Management Plans as a means by which the water level requirements for a range of activities in a particular area, including agriculture, flood defence and conservation, can be balanced and integrated. Priority has been given to producing plans in areas designated as Sites of Special Scientific Interest. Plans represent a significant contribution to maintaining and improving biodiversity at sites of international and national importance for flora and fauna.

11.16 Approximately 560 SSSIs have been identified by English Nature as areas that would benefit from the sensitive management of water levels and therefore requiring plans. Approaching half of these plans have already been completed. At the beginning of 1999 an advisory group, comprising all of the key interests, was established to facilitate the completion of plans.

Research and Development

11.17 The current research programme has been guided by recommendations arising from the Advisory Committee for Flood and Coastal Defence R&D which reported in 1992. The findings of a recently completed review will help shape the future programme, which will be

objective 9: to reduce risks to people and the developed and natural environment from flooding and coastal erosion

developed in close liaison with the Environment Agency. A wide range of issues are being investigated. For river flood protection, research focuses on the need to improve flood estimation and forecasting in order to minimise the impact of flooding through flood warning. Improved river catchment models which simulate flood events and the hydrological use of weather radar data both help the development of effective flood forecasting systems, and the whole catchment modelling approach supports policy development and implementation. For coastal areas research is aimed at providing a better understanding of processes including wave, tide, current and sediment transport systems in order to assist the planning and design of defences against flooding by the sea and coastal erosion. For coastal processes, a strategic approach is required to help predict changes that might take place at the land/sea interface over extended distances and up to decades in time. The development of a suite of numerical models on large scale coastal morphology is now helping the appraisal of engineering schemes and informing the development of defence strategies. In estuaries, research provides an understanding of major factors controlling estuary morphology, including mudflat and silt-marsh processes, and helps engineers maximise the protection offered by natural defences.

**objective 10: to safeguard
the continuing availability
to the consumer of adequate
supplies of wholesome,
varied and reasonably priced
food and drink**

objective 10: to safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink

Emergencies
Programme Code: SA:010

£ '000	Planned	Estimated	Plans		
	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	362	362	356	364	358
<i>of which:</i>					
a) Current					
i) Running Costs	328	328	322	330	324
ii) Scheme Costs (including R&D)	27	27	27	27	27
iii) Receipts	0	0	0	0	0
b) Capital (net)	7	7	7	7	7
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	362	362	356	364	358

12.1 The objective of this programme is to maintain and develop plans to safeguard essential food supplies in times of national emergency in England. There are three main areas of activity in pursuit of this objective. Departmental Emergency preparedness is preserved by an annual review of 29 departmental contingency plans maintained by 18 lead divisions. The plans are monitored for clarity and consistency and account is taken of lessons learnt from actual emergencies and exercises.

12.2 A Departmental Emergency Control Centre (DECC) is retained in a state of permanent readiness. The Control Centre's facilities were used for a major MAFF food contamination exercise in December 1998. It was also used when MAFF participated in a national water industry exercise in October. Plans are being developed to move the DECC later this year as MAFF's accommodation is concentrated in the Millbank area and to provide support for the policy Divisions relocating from Tolworth to London. The DECC will be available for use throughout the October 1999 to March 2000 period as a base from which to co-ordinate any MAFF activity in response to millennium problems in the food and agriculture industries.

objective 10: to safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink

12.3 The DECC facilities include a food stocks modelling system (the Food Vulnerability Model) which can assist with impact assessments of actual and potential food emergencies. This system has been replicated in the Welsh Office. A development programme to update and extend the system will be completed by the middle of 1999.

12.4 MAFF maintains and operates contingency plans for response to specific emergencies, such as severe weather and natural disasters. These were rationalised during 1998 to lessen the burden on the Regional Service Centres whilst retaining the necessary reporting arrangements. Defence plans have been reviewed and shelved in a revivable form while the MAFF War Book, in line with Cabinet Office advice, remains a live document.

12.5 The key tasks are to ensure Departmental Emergency Preparedness, including readiness to ensure business continuity through the millennium, and to respond to actual emergencies if they arise.

objective 10: to safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink

Plant Genetic Resources

Programme Code: SA:020

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	94	94	93	94	96
<i>of which:</i>					
a) Current					
i) Running Costs	73	73	72	73	75
ii) Scheme Costs (including R&D)	21	21	21	21	21
iii) Receipts	0	0	0	0	0
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	94	94	93	94	96

12.6 The main objectives of the programme are:

- a) to ensure that plant genetic resources are available as a basis for both conventional and biotechnology research in order to respond to unpredictable changes in climate, agricultural practices, market requirements, plant diseases or pests;
- b) to meet the UK's international obligations relating to genebanks with formal international status, in particular the European Co-operative Programme of the International Plant Genetic Resources Institute, and as part of a world wide network of genebanks; and
- c) to facilitate the characterisation and utilisation of plant genetic resources in agriculture.

12.7 The programme involves full or partial financial support for three collections: the Vegetable Gene Bank at HRI Wellesbourne; the National Fruit Collection at Brogdale; and the Pea Gene Bank at the John Innes Institute, Norwich. In addition, MAFF is funding projects to develop molecular markers for evaluating disease resistance and stress tolerance in Beta germplasm (germplasm being seeds or plants that are useful in plant

objective 10: to safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink

breeding, research or conservation), and research on the functional links between vegetable brassica genetic resources, molecular genetics and crop improvement. There are two EU shared cost projects covering allium and prunus.

12.8 MAFF provides a grant in aid to the Royal Botanic Gardens, Kew which houses extensive collections of living and preserved plants. A major initiative to establish a Millennium Seed Bank (see programme EN:120) is in progress.

12.9 The present programme helps to pay for the acquisition and multiplication of new material, the maintenance of collections and their characterisation, the establishment of databases and provision of both information and material.

12.10 It is envisaged that the programme's current support will continue, with emphasis on international collaborative projects which improve standards of maintenance and accessibility, including greater characterisation of UK Collections and further use of germplasm.

departmental operations

departmental operations

Service First – The New Charter Programme

During the financial year 1997-98, MAFF's performance against targets set for quality of service to the public, including its performance against the six central 'Whitehall Standards', was as follows:

First Standard: Answer letters quickly and clearly. Each department and agency will set a target for answering letters and will publish its performance against this target.

MAFF's target for replying to correspondence is 15 working days. During the period 1 November 1997 to 31 March 1998 (when 100% monitoring first began), 4,138 letters were received from MPs, of which 2,640 or 64% were answered within the target. In the same period, 61,272 letters were received from members of the public, farmers and organisations, of which 55,304 or 90% were answered within the target.

Second Standard: See people within ten minutes of their appointment time.

MAFF and its agencies do not generally operate formal appointments systems as envisaged by this Standard.

Third Standard: Provide clear and straightforward information about services and at least one number for telephone enquiries to help you or to put you in touch with someone who can.

MAFF, its agencies, inspectorates and NDPBs currently have 23 published customer charters setting out the services they provide and the standards customers can expect to receive. All charters are kept under review and are updated as necessary. In addition, explanatory literature and information is available for the schemes administered and services provided by these groups. Most operate a telephone contact point. In addition, there are two public enquiry points:

For information about food safety and food related consumer protection issues:

- The Joint Food Safety and Standards Group Consumer helpline:
Telephone: 0345-573012 (for calls within the UK)
 +44-(0)171-238-6550 (for calls outside the UK)
fax: +44-(0)171-238-6330
e-mail: consumer@info.maff.gov.uk
Postal address: Joint Food Safety and Standards Group, Room 306c,
Ergon House, c/o Nobel House, 17 Smith Square, London, SW1P 3JR.

departmental operations

- For information about other matters within MAFF's remit:
MAFF Helpline:
Telephone: 0645 335577 (for calls within the UK)
 +44(0)171-270-8961 (for calls outside the UK)
fax: +44(0)171-270-8419
e-mail: helpline@inf.maff.gov.uk
Postal address: MAFF, Room 11, Whitehall Place (West Block),
3-8 Whitehall Place, London, SW1A 2HH.

MAFF has its own Internet website: <http://www.maff.gov.uk/maffhome.htm>

Fourth Standard: Consult users regularly about the service provided, and report on the results.

MAFF regularly consults its customers, client groups and industry representatives on policy and service delivery matters. The results of these exercises are usually placed in the MAFF central library for reference and details are available on request.

Fifth Standard: Have at least one complaints procedure for the services it operates, and send information about the procedure on request.

All of MAFF's service delivery organisations have complaints procedures in place which are publicised in relevant literature and customer charters. In addition, MAFF's complaints adjudicator will investigate any complaint about the service provided by any part of MAFF which has a published service standard.

Sixth Standard: Do everything that is reasonably possible to make its services available to everyone, including people with disabilities.

MAFF is committed to making its services accessible to all sections of the community, and help and advice is readily available from relevant service delivery providers. For example, home visits can be made by Regional Service Centre staff to farmers who cannot get into the office or whose query cannot be resolved by telephone or in writing.

The Regional Service Centres are responsible for administering domestic and EU farming and livestock schemes, and are set performance targets in their customer charter "Commitment to Service". Details of their performance for 1997-98 are shown in Chapter 8. For the majority of schemes, the targets were met in well over 90% of cases.

departmental operations

13.1 MAFF strives to ensure the best use of internal resources in support of the Ministry's business by:

- a) seeking to maximise value for money and cost-effectiveness,
- b) operating specialist support services,
- c) allocating resources where they are most needed, and
- d) effective management and development of staff.

Audit
 Programme Code: DO:010

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	1,463	1,463	1,622	1,612	1,593
<i>of which:</i>					
a) Current					
i) Running Costs	1,450	1,450	1,609	1,599	1,580
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	0	0	0	0	0
b) Capital (net)	13	13	13	13	13
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	1,463	1,463	1,622	1,612	1,593

This was programme IR1:01 in the old programme structure.

13.2 The objective of this programme is to provide assurance to MAFF's Accounting Officer that management controls are adequate and effective. In addition, an internal audit service is provided to each Agency Accounting Officer under charging arrangements laid down in the Agency's Framework Document.

13.3 The programme of audits is carried out on a four and a half year cycle to professional standards laid down in the Government Internal Audit Manual. In addition to providing an assurance to the Accounting Officer, individual audits provide a service to line managers by highlighting weak or

ineffective controls or where value for money can be improved. Staff of the internal audit unit also undertake ad hoc financial investigations, including financial management reviews of NDPBs, consultancy assignments and the provision of advice to managers on internal controls for new systems and procedures.

13.4 Performance is measured:

- a) quantitatively: this includes meeting a target time of 6 weeks for the issue of reports (7 weeks in 1998/99), the achievement of the audit plan (85% in 1998/99) and the percentage of recommendations accepted (target 75%, 94% achieved in 1998/99), and
- b) qualitatively: where management satisfaction questionnaires are sent to all auditees, in 1998/99 a rating of 76% was achieved against a 60% target. In addition the unit takes part in an interdepartmental quality review project and is a member of a benchmarking group.

13.5 During 1998/99 the internal audit unit continued its programme of audits on work connected with MAFF's accreditation as a paying agency under Commission Regulation 1663/95. Work was also undertaken on the audit arrangements for Structural Funds under Commission Regulation 2064/97 with the European Commission's DGXX and with the territorial departments. Audits were conducted at the British Cattle Movement Service at Workington on the BCMS's computer and administrative systems. A significant proportion of audit effort was employed on MAFF's developing systems, including Resource Accounting. The Annual Report to the Accounting Officer concluded that the Department's system of internal control was adequate.

13.6 An external quality review of the unit was completed. Overall the reviewers considered that the unit has developed a modern and pragmatic approach to providing an assurance to the Accounting Officer.

departmental operations

Press and Information Services

Programme code DO:020

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	7,825	7,825	8,550	8,469	8,336
<i>of which:</i>					
a) Current					
i) Running Costs	2,794	2,794	3,100	3,019	2,886
ii) Scheme Costs (including R&D)	5,017	5,017	5,436	5,436	5,436
– paid publicity	4,266	4,266	3,616	3,616	3,616
iii) Receipts	-8	-8	-8	-8	-8
b) Capital (net)	22	22	22	22	22
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	7,825	7,825	8,550	8,469	8,336

This was programme IR1:02 in the old programme structure.

13.7 The objective of this programme is to communicate effectively information on MAFF's policies, services and activities, and the work of its Ministers to the media, the industries for which MAFF is responsible, and the public in general.

13.8 This is carried out by the Press Office with the media, Publicity Branch through the use of paid publicity, the work of the MAFF Helpline and the activities of the MAFF Library and Translation services.

13.9 A review of MAFF's press and information services was carried out by a small team led by the Head of the Government Information and Communication Service and a media consultant from the private sector. The team assessed the effectiveness with which MAFF's messages are communicated through the media to target audiences and reviewed the structures and procedures necessary to ensure fully cost effective performance. The team's conclusions and recommendations are currently being considered by Ministers and senior officials.

departmental operations

13.10 The MAFF Press Office operates with three teams, whose responsibilities are:

- a) Food safety; food standards; meat hygiene; animal health (including BSE); rabies; pesticide safety; veterinary medicines; plant health and research.
- b) Animal welfare; fisheries; countryside matters; forestry and flood defence.
- c) Agricultural policy in the UK (including the operation of the European Union's Common Agricultural Policy); production and trade in agricultural commodities; external trade policy; the food and drinks industries; marketing, competition issues; export promotion and departmental headquarters and regional administration.

13.11 Media interest in the EU ban on British beef exports and BSE continued to be high, although not as intense as in the previous two years. Concerns about such issues as E-Coli food poisoning continued to generate coverage. This tied in with speculation about the possible responsibilities and powers of the Food Standards Agency – and the extent of the Government's commitment to setting up this body as soon as possible. There was also continued media interest in – the possibility of changes to the UK's rabies and quarantine laws, the reform of the EU's Common Agricultural Policy, the increasing problem of bovine TB and the suspected role badgers play in its transmission – the importance of the EU banana regime to the economy of various West Indian countries, and consumer concerns over genetically modified foods and crops.

13.12 MAFF Information Division, the Press Office in particular, became engaged in developing the recommendations of the Mountfield Report on the Government Information and Communications service. A two-person team has been established to set up and operate MAFF's 'Agenda' unit (the inter-departmental forward planning and diary system.)

13.13 The MAFF paid publicity programme, implemented by Information Division's Publicity branch, covered a wide area during the course of the year.

13.14 The EU Informal Council in May provided the opportunity to illustrate a range of issues of importance to UK agriculture and to EU Ministers. Publicity Branch commissioned and co-ordinated the corporate style for the whole event, the design of individual items, the production of all printed

departmental operations

material and signage throughout, and a high profile multimedia exhibit at Park Farm on the Duke of Northumberland's estate.

13.15 The paid publicity programme included a major advertising campaign on food safety, involving national press and radio advertising and a touring roadshow. There were high profile food safety stands at major consumer shows, including the London BBC Good Food Show, the Ideal Home Show, and, in a joint venture with the Department of Health, the Ideal Health Show. Promotion of British Speciality Foods involved a series of seminars and the launch of an advisory booklet: 'Success with a small food business'. Copies of which are available from MAFF Publications, telephone 0645 556000.

13.16 MAFF's activities, linked to its environmental responsibilities, were publicised extensively, particularly through the newly launched 'Countryside Matters' campaign.

13.17 A major interactive exhibition was opened by the Minister in the Lake District National Park visitor centre at Brockhole, highlighting farming and conservation achievements within the Lake District Environmentally Sensitive Area. Advisory information was made available to farmers and growers, via publications and exhibition stands, on responsible pesticide use (new Codes of Practice and a new summary booklet) and environmental R&D. Copies of which are available from MAFF Publications. The results of MAFF-sponsored research into Integrated Crop Management formed the subject of a new publication and major industry conference. An award-winning exhibition stand on plant health, personal imports and Countryside Stewardship featured at the BBC Gardeners' World Live Show in June, and the Personal Imports campaign continued to promote awareness of import restrictions throughout the year, using a mix of advertising and booklet distribution at airports'.

13.18 Throughout the summer a high profile corporate touring exhibition programme took a range of messages aimed at farmers and the general public to a large number of agricultural shows, collecting several awards in the process. There was also a major exhibit, promoting meat hygiene, BCMS and Objective 5b, in the MAFF pavilion at the prestigious Royal Show, which won the award for best stand in the agribusiness category.

13.19 As well as providing exhibition and advertising services, Information Division was also involved in other activities supporting the setting up and launch of the British Cattle Movement Service (BCMS). Its Print and

Procurement Units took the lead in running the competition for the supply of printing equipment, negotiating contracts with the Royal Mail, and supplying all the necessary printed material.

13.20 The same units also managed 46 individual direct mailings associated with the paid publicity programme, BCMS and schemes administered by MAFF. This equates to making a delivery to 1.5 million addresses throughout the United Kingdom.

13.21 'MAFF Publications' handled 26,000 telephone calls and 90,000 written requests for information. In total 132,000 requests for publicity and scheme material were fulfilled.

13.22 The MAFF Helpline received over 72,000 calls during 1998/99, a 10% increase on the previous year. In addition, 1,000 emails and over 2,260 letters and faxes were received, with the unit working to ensure compliance with the Citizen's Charter requirement of responding to written enquiries and correspondence within 15 working days: the Helpline achieved an average response time of 3.14 days. BSE continued to attract much interest, especially following the setting up of the Phillips Inquiry. Food safety, animal welfare, the safe use of agro-chemicals and cattle tracing also attracted much public attention throughout the year. Looking to the future, improved technology, through the introduction of call management software and a faxback facility, should assist in turning calls around and transmitting information more rapidly.

13.23 MAFF's World Wide Web site (<http://www.maff.gov.uk>) has fast become an important channel of communication between the Department and the outside world. By the end of the year, there were almost 4,000 pages on the site, which was accessed at a rate of over 100,000 times a month. News Releases, the package of information on BSE and the food safety pages were consulted most frequently. The Direct Access Government area of forms and regulatory information, part of the Better Regulation initiative, saw considerable expansion, with over 200 documents published. MAFF was one of the leading contributors to this central government initiative. In addition to publishing on-line versions of existing documents, the Web site was increasingly used to publish original information not available elsewhere. An on-line feedback form was also introduced during 1998, providing information on which areas of the site were being accessed, and by whom. Again looking ahead, the number of pages (and accesses) will increase. There will be regular reviews to ensure pages are kept up to date

departmental operations

and that fresh information is made available. The site will be regularly refreshed to take account of latest Web technology, presentation and search/retrieval facilities.

MAFF Helpline: Telephone 0645 33 55 77
(a local call rate number)

Legal Services

Programme Code: DO:030

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	4,271	4,271	5,588	5,423	5,421
of which:					
a) Current					
i) Running Costs	4,729	4,729	5,246	5,081	5,079
ii) Scheme Costs (including R&D)	0	0	800	800	800
iii) Receipts	-500	-500	-500	-500	-500
b) Capital (net)	42	42	42	42	42
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	4,271	4,271	5,588	5,423	5,421

This was programme IR1:03 in the old programme structure.

13.24 Legal Department provides legal advisory, litigation, prosecution and investigation services to MAFF, its Executive Agencies and the Forestry Commission.

13.25 Following a report by the Information Technology Directorate on the IT requirements of Legal Department, a project was launched to implement an integrated case management and time recording system to replace existing bespoke systems. A suitable system was purchased late 1998 with live operation scheduled for spring 1999.

13.26 The Ministry's Legal Department carries out an annual Client Satisfaction Survey in which it asks its policy clients to assess legal performance on a scale of 1 (best) to 5 (worst) on the basis of factors such as clarity of advice, speed of response and constructiveness. At the end of 1998, 216 questionnaires had been sent to client branches, of which 172 (80%) were returned. Of those returned, 96% rated legal services overall as '3' or better and 66% as '2' or better, thus exceeding the targets of 95% and 62% respectively which had been set for 1998. For 1999, Legal Department aims to increase the overall rating of '2' or better to 68% of returns, while maintaining the rating of '3' or better achieved this year.

Legislation & Advisory

13.27 MAFF advisory lawyers provide legal advice as necessary on policy proposals and their implementation as well as on individual cases. They are also responsible for drafting subordinate legislation and for instructing Parliamentary Counsel on the drafting of primary legislation. They have been involved – to varying degrees – in many areas of the Ministry's work described elsewhere in this report including, notably, those mentioned below. More generally, they have provided legal advice on the implications for MAFF of devolution and other constitutional changes and on the BSE Inquiry.

13.28 Lawyers continued to work on the proposed Bill for, and to provide legal advice on, the establishment of the proposed Food Standards Agency. They provided input to the Kennedy report (Quarantine and Rabies – A Reappraisal) and MAFF's response to the report. Significant input was also made to work on the framework for disclosure of brand names following product surveys and to the Report to Ministers of the Official Group on Organophosphates.

13.29 Lawyers were also engaged in advising on the consequences of a judgement by the European Court of Justice (ECJ) relating to the proper method of apportioning milk quota on the transfer of part of a holding which was subject to an undertaking under the "non-marketing of milk" scheme. Another significant area of work was advising on the implications arising from the Commission's Agenda 2000 proposals for the reform of the CAP.

13.30 Concerns about BSE and meat hygiene continued to generate a substantial demand for legal advice and the drafting of statutory instruments. The ban on "bone-in beef" required significant resources in the early part of 1998. Another major area of work concerned the system for the national listing of seeds following a challenge brought by an organic farmer in Devon.

departmental operations

13.31 In the field of animal health, legislation to deal with a possible outbreak of classical swine fever or foot and mouth disease was updated to take EU requirements into account. Controls on the processing of animal waste were consolidated and simplified. On animal welfare, a thorough review was undertaken of the rules on the welfare of animals being transported.

Civil Litigation

13.32 During 1998, sixteen new judicial reviews were commenced in which MAFF was a party. Nine involved challenges to the manner in which MAFF calculated penalties to be applied where farmers had made errors in their aid applications. MAFF agreed to reconsider a further seven instances where farmers had made errors in field measurements. Details of other cases are as follows:

- a) a challenge by a farmer to the decision to recover an overpayment of money paid under the Farm Conservation Grant Scheme. The outcome of this case potentially affects over thirty other similar decisions;
- b) a challenge to the UK Quarantine rules;
- c) a challenge to the Minister's confirmation of a by-law limiting the length of vessels used for in shore fishing proposed by Sussex Sea Fisheries Committee;
- d) the Minister's approval of a Net Limitation Order affecting the River Exe was challenged by an individual on behalf of local rod fishermen and riparian owners;
- e) a challenge to the decision regarding the production of pathogen free eggs for use as veterinary diagnostics;
- f) a challenge to the decisions to grant approval for the marketing of products containing glyphosate. Cases are on hold pending the outcome of a Reference to the ECJ .
- g) Friends of the Earth unsuccessfully challenged the consent granted by the Department of Environment Transport and the Regions (DETR) and MAFF for the testing of genetically modified maize. However, the Court criticised MAFF's procedures.

Judicial Reviews completed

13.33 Fifteen judicial reviews were completed in the course of the year of which three involved references to the ECJ. In other cases the Courts ruled as follows:

- a) the High Court ruled in a pesticides case that the decision to

- grant approval to another company on the basis of data in the public domain was lawful;
- b) a challenge relating to payment of aid under the Slaughtering Industry (Emergency Aid) Scheme in Northern Ireland was dismissed by the High Court in Belfast;
 - c) a challenge by the Protesters Animal Information Network (PAIN) relating to the supervision of exports of live animals in adverse conditions was unsuccessful;
 - d) a challenge against the decision not to make any payments to veal producers under the Beef (Marketing Payment) Regulations 1997 was settled out of Court;
 - e) a challenge relating to allocation of grant under Objective 5b was settled following the issue by the Commission of a corrigendum to amend the entry in the Official Journal;
 - f) an application for judicial review regarding the claiming costs by owners of quarantine kennels was dismissed by the Court;
 - g) the High Court ruled that MAFF was not required to pay compensation to milk producers who had acquired part of a holding subject to SLOM (a Dutch term referring to the Non Marketing of Milk Scheme) and were entitled to additional quota following an ECJ ruling in 1997;
 - h) the outstanding issues of costs in four cases involving references to the ECJ were concluded.

Ongoing Judicial Reviews

13.34 These included challenges in relation to:

- a) the importation of citrus fruit from the north of Cyprus via Turkey where the Divisional Court and Court of Appeal had refused to grant an injunction to prohibit the import of citrus fruit from the Turkish Republic of Northern Cyprus via Turkey. The House of Lords decided to refer the issue to the ECJ;
- b) the interpretation of the provisions of Council Directive 91/676 (protection of waters against pollution caused by nitrates from agricultural sources) relating to the identification of waters which are or may be polluted. This case was referred to the ECJ.

European Court of Justice

13.35 In 1998 MAFF lawyers were engaged in the conduct of nine cases before the Court of Justice and the Court of First Instance of the European Communities. Of these, written procedures were undertaken in four new cases and five cases commenced during 1997 progressed to a Hearing. Ten major cases involving MAFF were brought to a conclusion by delivery of the Court's Judgement. In addition, the European Commission of Human Rights dismissed an application lodged against MAFF in 1996.

New Cases (written procedures)

13.36 The four new cases concerned:

- a) the provisions of the EU Plant Health Directive (77/93) relating to the import of citrus fruit from non-member countries;
- b) the validity of EU rules restricting the amount of sugar imported into the Union from its Overseas Countries Territories;
- c) the application of EU Directive (91/414) (granting marketing authorisations for pesticides) in approving products based on pesticides previously approved on application by a different manufacturer;
- d) the demand for clarification by the Commission of EU milk quota regulations relating to the allocation of SLOM.

Ongoing Cases (Hearings)

13.37 The cases which progressed to a Hearing concerned:

- a) the eligibility of manufacturers of beet sugar to receive aids intended for refiners of cane sugar;
- b) the interpretation of the EU Spirit Drinks Regulation (1576/89) and the circumstances in which the term "whisky" could appear on the label of spirit drinks containing whisky;
- c) the EU rules on export refunds (export subsidies) permitting exporters of beef to retain refunds paid in advance;
- d) the correct implementation of Council Directive 91/676;
- e) the position of wine producing Member States in legally requiring wines produced in their territories be bottled in the region of production.

Cases concluded (Judgements)

13.38 In the major cases concluded during 1998, the EU Courts:

- a) dismissed challenges by the United Kingdom and the National Farmer's Union to the legality of the Commission's export ban on beef (two cases);
- b) ruled that beef exporters were not entitled to retain their advance-paid export refunds;
- c) found that the United Kingdom was not entitled to restrict the export of calves to other Member States on the ground that they would be raised there in inhumane conditions;
- d) upheld the validity of the Hague Preference, an arrangement intended to protect the fishing communities of the northern parts of the United Kingdom;
- e) ruled that Ministers could require manufacturers of veterinary medicines to supply information about the manufacture of their starting materials to verify the purity of finished products;
- f) annulled the EU's arrangements for importing bananas from certain non-member countries on the ground that it was discriminatory to require only some EU banana traders to produce export certificates for their imports;
- g) held that the Commission had mis-managed the "Hilton Beef" preferential tariff quota in relation to imports of beef from Argentina in 1992 (two cases);
- h) ruled that beet sugar manufacturers were not entitled to receive refining aid for cane sugar they refined outside the beet production season, as this was intended to benefit full-time refineries.

13.39 Also in 1998, the European Commission of Human Rights dismissed as inadmissible an application by a group of cattle head deboners, alleging that public health measures adopted in response to the BSE crisis had put them out of business. The Group had claimed that the measures infringed their right to possessions guaranteed to them by the European Convention on Human Rights. The Commission found that the applicants had not suffered an excessive burden given the vital importance of the relevant public health measures.

Investigations & Prosecutions

13.40 The number of investigations and prosecutions connected with meat continued to increase, especially in the area of meat hygiene and BSE export controls. Action against meat related fraud involving close co-operation with the European Commission also continued. The Investigation and Prosecution Branches continued to cover a wide variety of other cases, including those related to the Common Fisheries Policy. New areas included legislation relating to specified risk material, cattle passports, and assault on, or obstruction of, Meat Hygiene Service Officers.

13.41 In the calendar year of 1998, the Investigation Branch received 367 requests for investigations and 103 remained outstanding at the end of the year. During the same period, 204 defendants were convicted. This included defendants dealt with in some reports received during the previous year and a number of reports received from other investigative sources such as Inspectorates.

Table 13.1: Performance Indicators for Legal Services

	1996-97	1997-98	Estimated Outturn 1998-99
Number of Bills	1	3	2
% deadlines met	N/A	N/A	N/A
Number of SI's	183	180	190
% deadlines met	90	90	N/A

departmental operations

Economics and Statistics
Programme Code DO:040

£ '000	Planned 1998-99	Estimated Outturn 1998-99	Plans 1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	8,044	8,044	8,514	8,568	8,607
of which:					
a) Current					
i) Running Costs	4,294	4,294	4,764	4,818	4,857
ii) Scheme Costs (including R&D)	4,792	4,792	4,792	4,792	4,792
iii) Receipts	1,166	-1,166	1,166	1,166	1,166
b) Capital (net)	124	124	124	124	124
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	8,044	8,044	8,514	8,568	8,607

This was programme IR1:04 in the old programme structure.

13.42 The objective of this programme is to provide reputable economic and statistical advice to support the formulation and evaluation of Government policy, and to provide authoritative statistics at least cost to MAFF and industry. The main elements of scheme expenditure in 1998/99 are economic studies commissioned from universities and colleges, including the Farm Business Survey (FBS) and Special Studies (£2.7m), policy evaluation (£0.6m) and the National Food Survey (NFS) (£0.9m). Receipts are mainly contributions from the EU towards the cost of statistical surveys.

13.43 The Economics and Statistics Group (ESG) provides economic analyses on a wide range of policy issues. It advises on investment appraisal and has responsibility for the programme of policy evaluations. It also provides data and analysis on the profitability and cost and revenue structure of the farming industry through the Farm Business Survey. Economic analyses carried out by ESG have demonstrated the benefits of reform of the CAP and the need for change if the EU is to meet its WTO commitments and enable enlargement to the East. The results of these analyses have

departmental operations

played an important role in the debate leading up to the proposals by the EU Commission for changes to the major CAP commodity regimes set out in Agenda 2000. Analysis is continuing on the implications of the Agenda 2000 proposals for EU and UK agriculture, as well as on alternative options for change.

13.44 Economists have also provided advice on a wide range of issues both in respect of other areas of policy and on management issues to assist in the process of ensuring value for money. Under the programme of policy evaluations, the 6 evaluations listed below were completed in 1998 and a further 8 were initiated during the course of the year and are due to report in 1999.

Policy Evaluations Completed in 1998

1. Access Provisions of Agri-Environment Schemes
2. Nitrate Sensitive Areas Scheme
3. Stage IV ESAs
4. UK Milk Quota System
5. Marketing Development/Group Marketing Grant Schemes
6. Chemical Contaminants in Food

Policy Evaluations Initiated in 1998

1. Disposal of Dredged Waste at Sea
2. Operation Gangmaster
3. Horticultural Development Council
4. Farm Animal Welfare (baseline study)
5. Countryside Stewardship Scheme
6. ATB Landbase
7. MAFF's Energy Efficiency Policy
8. Sheep Annual Premium Scheme

13.45 Statistics on the agriculture and food industries are collected to meet Government needs and to satisfy EU obligations. Improvements have been made to ensure that data is collected in the most efficient and cost effective manner. Further consideration is being given to the possibility of merging data collection and validation stages of the NFS and the Family Expenditure Survey. The Annual Report on the NFS for 1997 featured a number of new analyses. These enabled a better comparison to be made of differences in diet between low and high income households. Plans for the June census include options to consider further reductions in the number of forms issued

after the full census in 2000 has been held. Work is continuing on improvements in sample design and better form design. Also, ongoing improvements are being made to the farming registers and accessibility of ESG data.

Invest to Save

The Comprehensive Spending Review (CSR) White Paper announced that An Invest to Save Budget (ISB) would be created to help develop projects which bring together two or more public service bodies to deliver services in an innovative and more efficient fashion. The ISB will encourage such bodies to work more closely together and identify projects which would not otherwise go ahead.

The ISB will be held as a form of reserve by the Treasury and operated as a challenge fund. A total of £150 million has been allocated to the ISB over the years 1999-00 to 2001-02. It is envisaged that resources will be allocated through three bidding rounds. In order to demonstrate their commitment to each project and to take a stake in it, Departments will be expected to provide 25% of the total cost of the project from within their spending plans.

MAFF and the Office for National Statistics have been successful in their joint bid for funds which will be used to continue the work on assessing the feasibility of combining the National Food Survey and the Family Expenditure Survey from 2001.

13.46 Given the disproportionate demands for statistics on the agricultural sector relative to the economic size of the sector, MAFF statisticians have gained agreement from the EU Commission for a re-appraisal of data needs. ESG officials are playing an active role in a study designed to determine the essential data requirements for the future.

Policy Evaluations Completed in 1998.

Findings of evaluation

Access Provisions of Agri-Environment Schemes #

The evaluation found that, while there was significant public support for schemes which pay farmers to provide permissive access, overall the three schemes (Countryside Stewardship, Countryside Access, ESAs) had had little impact on total access provisions to the countryside, though they had been useful in performing specific access functions. The study concluded that awareness of the access provisions of the schemes was generally low and that a lack of information about the access provided tended to limit usage somewhat. The researchers considered that the schemes could not

departmental operations

be held to represent good value for money without there being improved information available to the public about these sites. The key recommendations of the evaluation were:

- a) The adoption of an integrated strategy for access where MAFF and other providers work together at regional level to develop and meet overall access targets.
- b) Access agreements should play an important role in the strategy, although they should remain voluntary and perhaps be altered and extended.
- c) Any reassessment of existing agri-environment schemes should include provision that payments could be differentiated to reflect the type of access and demand for access.
- d) Linking payments under access agreements directly to positive management, rather than to short term permissive access, offers the best chance for sustainable gains in access.
- e) There is a need to improve awareness of access locations, encourage applications and make sites easier to use.

Steps taken

The recommendations are being considered in the light of Government policy to provide better access to the countryside where it is anticipated that the agri-environment schemes will continue to play an important role in increasing opportunities for enjoyment of the countryside through permissive access to enclosed farmland. The recommendations do not all fall wholly within MAFF's area of responsibility and hence will be addressed in collaboration with DETR, Countryside Commission, the Local Authorities and users. A Working Group of MAFF's statutory advisors has been set up to consider the recommendations and advise on their implementation. Proposals made as a result will be subject to public consultation with any proposed changes implemented as soon as practicable in the light of the outcome of the consultation exercise. Changes requiring EU approval cannot be implemented before January 2000, however.

Findings of evaluation

Nitrate Sensitive Areas Scheme #

The researchers concluded that current compensation payments to farmers represents the most cost-effective way of achieving the Scheme's objectives. Uptake is considered to be the best that could be achieved. Overall, the Scheme is estimated to have had a positive effect on farm income, though the magnitude varies according to scheme option and area with pilot areas perceived by participants as worse off than newer ones. Recommendations made by the researchers include introduction of bonus payment for farmers entering all their eligible land into the Scheme, making Premium Arable Scheme Options relatively more attractive and reviewing entry criteria and payments under the Premium Grass Scheme.

Steps taken

Closure of the scheme was announced in July, following the CSR, and any action on the recommendations is likely to be very limited in scope, focussing principally on issues relating to the efficient management of ongoing arrangements which will continue until the last undertakings expire in September 2003. An action plan is being prepared on this basis. The evaluation fed into the separate policy review of the scheme which took place during 1998.

Stage IV ESAs #

The evaluation found that the rationale underlying the scheme had not changed since its inception and that the ESAs had been largely successful in achieving their objectives. It concluded that their discontinuation would result in a significant reversal of the changes made by farmers that have joined the scheme, leading to an intensification of farming activities, with increased production of forage and greater use of fertilisers and pesticides. The research found that the Scheme is well thought of by farmers. Few would be expected to leave the scheme if renewed on current terms, and most would appear to tolerate small decreases in payment levels.

Steps taken

As with previous ESA evaluations, the study formed part of a 5 year policy review of Stage IV ESAs. The main benefit of the evaluation was in establishing the validity of the existing rationale of the ESA scheme. It was considered to provide better information and context within which the policy review could take place, rather than any major shifts in agricultural or agri-environment policy. The results of the policy review are to be issued for consultation with any specific proposals for individual ESAs being sent to the EU Commission for approval.

Findings of evaluation

UK Milk Quota System #

The researchers found that the imposition of quotas on milk production represented a source of economic inefficiency, though allowing quota to be tradable has helped reduce this. The evaluation considered, however, that the operation of the quota trading system itself was generally efficient, despite the UK continuing to produce over quota. Analyses of the impact of Agenda 2000 proposals suggests that the UK would continue fully to utilise national quota, but that the number of small, less efficient producers would decline. This would also entail significant regional redistribution of production. Recommendations included:

- a) Leasing should be permitted until a later date in the marketing year, and should not end before the last date for permanent transfer.
- b) The process of finalising the matching of national and individual superlevy liability should be shortened by the introduction of an electronic network between the IB and all milk purchasers, allowing daily (or weekly) updating of the amount each quota holder has registered with his/her purchaser.
- c) Greater transparency in the quota market could be achieved by including the price per percent butterfat details of offers of milk quota, thereby ensuring that buyers fully understand the size of any butterfat premium.

Steps taken

The researchers finding that quotas are a source of economic inefficiency supports current UK policy of pressing for the reduction of support prices and the phasing-out of milk quotas. The UK has already raised this issue of the Quota leasing deadline in Council working groups, requesting the deadline to be put back to the end of the quota year 31 March and will continue to press this point in negotiations. Increasing the transparency of quota sales by including the price per percent of butterfat is essentially a matter for the industry, though MAFF can encourage quota brokers to include such information in their sales literature.

Findings of evaluation

Marketing Development/Group Marketing Grant Schemes

The evaluation concluded that the Marketing Development and Group Marketing Schemes, which are both now closed, had succeeded in facilitating significant improvements in the marketing performance of individual companies, with a substantial number gaining improved access to national and export markets. However, the researchers also concluded significant scope still remains for improvements in the marketing performance of the UK agri-food sector, particularly in the areas of the assurance of food quality, safety and traceability and in the co-ordination of the food distribution chain. A new marketing scheme is suggested as one possible policy response, with a key criterion being 'additionality' i.e. supporting projects which would not be undertaken otherwise. It is also recommended that MAFF should take on a coordinating role for all marketing support available to the food sector.

Steps taken

The researchers' report has only recently been received and their recommendations are currently being considered.

Chemical Contaminants in Food

Final report awaited – due by February 1999

Note: # Copies of these reports can be found on MAFF's website

departmental operations

Information Technology Services Programme DO:050

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	52,396	56,343	59,865	59,320	49,772
<i>of which:</i>					
a) Current					
i) Running Costs	44,984	48,931	49,903	48,498	40,850
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	-481	-481	-481	-481	-481
b) Capital (net)	7,893	7,893	10,443	11,303	9,403
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	52,396	56,343	59,865	59,320	49,772

This was programme IR1:05 in the old programme structure.

13.47 The primary objective of this programme is to provide Information Technology (IT) systems and services in support of MAFF's business and information requirements.

13.48 The annual IS/IT Review is supplemented by in-year review, monitoring and reporting to inform MAFF's financial planning and monitoring processes. Estimated expenditure in 1998/99 comprises:

- a) £8.73m capital purchases of IT hardware and software,
- b) £25m external IT support and related costs,
- c) £9.13m other associated non-pay running costs, and
- d) £8.2m ITD pay costs.

Support of Policy Aims/Scheme Administration

13.49 In 1998/99, MAFF will spend some £28 million on IT support for its policy aims and executive functions, such as payment of grants and subsidies. EU requirements for the implementation of CAP reform schemes

and IACS continue to be major elements of expenditure. In addition a large element of funding has been directed towards development and implementation of urgent new systems in support of BSE requirements including the development of a full Cattle Tracing System (CTS) and the setting up of the British Cattle Movements Service in Workington, development of the Offspring Cull and the Date Based Export Scheme (DBES) and setting up a DBES unit in Gloucester, to contribute to the lifting of the beef ban. The improved control and enforcement measures adopted under the Common Fisheries Policy (CFP) still dominate Fisheries IT development.

Internal Administration

13.50 Expenditure in 1998/99 on IT support for MAFF's internal administration is expected to be some £23.1 million. During 1998/99 work continued on the development of the next generation of office systems, MAIDEN 2000, including more modern remote/mobile working facilities. The MAIDEN infrastructure now provides the vehicle for the delivery of all of MAFF's business-critical systems. New arrangements for the procurement of supply, maintenance and related services for IT equipment are being introduced. The upgrading of MAFF's core accounting system continues for millennium compliance and in readiness for the implementation of resource accounting and budgeting. The IT Directorate's market testing programme concluded during the year with the award of the Application Development Service to the in-house team and their private sector partners.

Millennium Preparations

13.51 Work is continuing to prepare MAFF's internal systems for the Year 2000 date change and several parallel projects are underway addressing such areas as conventional IT systems, the IT infrastructure, embedded systems, scientific and general office equipment. Work on all business-critical systems is due to be completed by April 1999 with work on some less critical systems being completed later in the year.

Government Direct

13.52 A baseline for monitoring MAFF's progress towards the Prime Minister's target for 25% of services to be available electronically by 2002 was prepared for the Central IT Unit. This return showed that considerable progress had already been made towards this goal (including the direct, electronic, provision of cattle movements information from markets and abattoirs under the Cattle Tracing System). A Steering Group has been set

departmental operations

up to oversee this initiative and in the next three years progress will continue towards the target.

Government Secure Intranet (GSI)

13.53 MAFF has participated in various Central Computer and Telecommunications Agency (CCTA) committees responsible for planning and design of the GSI. MAFF-specific security issues have been reviewed in order to obtain appropriate security accreditation for connecting to the GSI. MAFF will be connected on successful completion of the accreditation process and resolution of remaining technical issues.

Output and Performance Indicators

13.54 OPIs for 1998/99 are:

- a) percentage of IS/IT projects/enhancements completed to time and budget 81.4% (target 96.2%);
- b) percentage of central computer availability within the banded hours 99.9% (target 98%);
- c) total value of all in-year benefits delivered by IT systems £70.3 million (target £71.3 million).

13.55 Running cost savings in 1998/99, as a direct result of IT investment, are expected to total £15.8 million against a predicted estimate of £18.1 million.

13.56 The running costs savings figures exclude the considerable productivity gains resulting from IT support for schemes such as those relating to CAP administration and the Cattle Tracing System, some of which would not have been possible without the implementation of IT solutions. In this respect, notional running costs savings in 1998/99 are expected to total £49 million against a predicted estimate of £44.8 million.

Future Plans

13.57 Further technical development of office systems facilities, including MAIDEN 2000 will continue in line with strategic plans. Treasury have agreed, as part of the CSR settlement, to the redevelopment of the core RADX systems which support the administration and management of CAP grant and subsidy schemes in England; this will be progressed and will provide the vehicle for the delivery of 'Agenda 2000', CAP reform, requirements. BSE IT requirements remain volatile and continued support will be required. A series of CTS enhancements are planned and new databases need to be

departmental operations

implemented. Work on preparing IT systems for the change of Millennium will be finalised and MAFF's computer systems will be prepared for European Monetary Union (and the Euro). Further progress will be made with the electronic delivery of MAFF services.

Financial Planning and Monitoring

Programme Code: DO:060

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	4,238	4,238	4,711	4,664	4,589
of which:					
a) Current					
i) Running Costs	4,328	4,328	4,801	4,754	4,679
ii) Scheme Costs (including R&D)	2	2	2	2	2
iii) Receipts	-133	-133	-133	-133	-133
b) Capital (net)	41	41	41	41	41
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	4,238	4,238	4,711	4,664	4,589

This was programme IR2:01 "Financial Planning and Control" in the old programme structure (title change only).

13.58 The objective of this programme is to ensure that the Ministry makes optimal use of its financial and capital resources in pursuit of its objectives, and that resources across the Department are deployed efficiently and effectively in accordance with overall priorities.

13.59 The programme covers the process of setting annual budgets for centralised and decentralised expenditure, production of the Ministry's Supply and Supplementary Estimates, monitoring expenditure in-year so that budgetary provision can be modified to take account of changing circumstances and ensuring that all expenditure decisions deliver value for money in conformity with the principles of propriety and regularity. It includes the provision of accounting, payments and purchasing services in support of

departmental operations

MAFF's business and, more recently, the development of business planning procedures. During 1998-99 all proposals for additional expenditure on BSE-related measures were monitored and co-ordinated as part of the activities under this programme, which also included a substantial effort devoted to the Comprehensive Spending Review.

13.60 From 1995-96 MAFF's Supply Estimates have been structured around the Aims, Sub-Aims and Programmes which are the basis of the Department's system for allocating resources and evaluating performance. From 1996-97, the Ministry's Supply Estimates have, in common with those of other Departments, been presented on a simplified basis as agreed with the Agriculture Select Committee. From 1999-2000 the Main Estimates will be presented according to the Department's 10 new objectives agreed in the CSR and the new programme structure.

Financial Information Systems and Resource Accounting

13.61 A major programme has been underway since 1997 to plan and implement by 1 April 1999 a millennium compliant upgrade to RAMIS, MAFF's central accounting system. RAMIS is based on commercial software comprising a general ledger, accounts payable, purchase order, accounts receivable and fixed assets modules and is able to deliver the existing Vote cash accounts as well as the planned requirement for Resource Accounting. The upgraded RAMIS will also be configured to deliver more effectively the special accounting and reporting requirements of EU funded expenditure under EU Regulation 1663/95 (Rules for the Clearance of Accounts of the EAGGF Guarantee Section).

13.62 Preparations for Resource Accounting and Budgeting are moving forward with MAFF achieving on time the Treasury's Stage 1 target for the signing-off of plans and procedures for producing the accounts. The next key date is the production of dry run resource accounts for examination by the National Audit Office for Financial Year 1998/99. An awareness training programme has been delivered to budget managers and key finance staff which will be supplemented with more detailed systems and procedural training to enable them to operate in a Resource Accounting and Budgeting environment.

13.63 The new Financial Planning & Reporting System (FPRS), described in the 1998 Departmental Report, has been converted to take revised accounting structures in the new RAMIS. This work has delayed the

introduction of an FPRS budgeting module until April 1999. FPRS will then be further developed to support Resource Budgeting.

13.64 A number of central support divisions, such as ITD, Legal and Personnel, within the core Department provide support services to MAFF Agencies. The management of these services has become more refined and searching over recent years. The charges have been 'soft', in that there is no physical cash payment and the charges do not appear in the Appropriation Accounts. However they do show in Agency Annual Accounts as a notional charge, and are incorporated in their cost recovery targets. Under Resource Accounting, the charges will appear in the individual accounts for Agencies and core MAFF, although they will be netted together on consolidation.

Business Planning and Efficiency

13.65 A Business Planning Unit has been set up to co-ordinate and lead the preparation of the Departmental business planning process, which involves the cascading of MAFF's high-level objectives into Departmental and Group plans and ultimately into individuals' work objectives. The aim is threefold: to ensure that staff at all levels relate to and work towards MAFF's objectives; assist line managers to plan, control and monitor activity in their area of responsibility; and to enable senior management to maintain an overview of MAFF's resource allocation and needs. The Unit has organised the necessary training and will also carry forward the development of output and performance measures; it takes the lead in relation to efficiency initiatives launched by the central departments and has a remit to promote efficient working and best practice.

Public Services Agreement

13.66 In common with other Departments, MAFF has entered into a Public Service Agreement with the Treasury. This sets out for the next 3 year period our Objectives, along with performance and service delivery targets, in line with the principles of Resource Accounting and Budgeting. These include performance targets in the key areas of food safety, animal and plant health and welfare, countryside, CAP reform, fisheries and flood and coastal defences.

Procurement

13.67 MAFF's annual expenditure on goods, services, utilities and works totalled just over £280 million in the calendar year 1997. Of this total, £145 million was on services, £108 million on supplies and utilities and £27 million

departmental operations

on works. Savings for financial year 1996/97 totalled £11 million against a target of £8 million. The savings target for 1997/98 was set at over £9 million and initial findings were that this target was met subject to audit and review which has not yet been carried out due to other urgent priorities. No specific savings target has been set for the financial year 1998/99. Over the Comprehensive Spending Review period MAFF is faced with a near 10% cut in running costs in real terms, and procurement activity will be geared to ensuring that MAFF is able to discharge on-going operational and policy requirements.

13.68 MAFF's objective remains the spread of best procurement practice in all areas of MAFF expenditure on goods and services. The procurement organisation continues to combine strong central responsibility for the management of procurement with the devolution of operational purchasing where appropriate. MAFF procurement strategy will continue to focus on improved information and procedures, and necessary education and training. Other features of the strategy include development of the intelligent customer role, reduction of the supplier base, and the concentration of procurement activity in the hands of skilled practitioners working in cross-functional teams.

13.69 MAFF will be responding positively to the study commissioned in January 1998 by the Ministerial Cabinet Committee on Public Expenditure (PX) taking forward efficiency issues in procurement arising from the Government's Comprehensive Spending Review. The broad areas covered are: electronic commerce; collaboration and joint procurement; performance measurement; and procurement staff development. The Prime Minister's interest in the PX study has led directly to the commissioning of a review of civil procurement in government in the light of the Government's objectives on efficiency, modernisation and competitiveness in the short and medium term. This review is expected to be completed by the end of the first quarter of 1999.

13.70 Internal instructions are designed to ensure that the Ministry is able to determine that all external consultancy contracts or related framework agreements let have a sound business case, enjoying effective project management, systematic implementation of results and post-project assessment.

USE OF EXTERNAL CONSULTANTS

Table 13.2: MAFF Expenditure (including agencies) on consultancy work

£ million						
Year	1993/94	1994/95	1995/96	1996/97 †*	1997/98*	1998/99*
Non-IT	4.8	6.9	9.3	11.6	12.4	8.5(est)
IT	8.3	5.4	5.9	0.3	0.5	0.4(est)
Total	13.1	12.3	14.9	11.9	12.9	8.9(est)

† Total figure for 1996/97 revised upwards to £11.9 million from £10.5 million on information received centrally too late for inclusion in 1998 Departmental Report.

* Figures from 1996/97 onwards are based on definitions of categories of consultancy work contained within the Efficiency Unit's Scrutiny on the then Government's use of external consultants published in 1994.

Wider Market Activity

The policy and guidance note entitled 'Selling Government Services into Wider Markets', produced by the Treasury, was circulated to all agency chief executives and MAFF heads of group in October 1998. A departmental Wider Markets Officer has been appointed. To date there have been no substantive agreements resulting from this initiative. However, there are a number of proposals that are being explored. For example, CEFAS is considering the possibility of a joint venture with a private company to exploit Data Storage Tag (DST) electronic technology used in wildlife telemetry experiments.

Competing for Quality (CFQ)

13.71 The Competing for Quality programme applies a number of efficiency techniques to government functions to improve value for money. The techniques include abolition of activities; privatisation; contracting out without an in-house bid; market testing with an in-house bid; and internal cost savings and efficiency improvements. The techniques of market testing and contracting out are those most closely associated with CFQ.

13.72 Between 1992 and 1997 the services reviewed under CFQ in MAFF had a total value of close to £100 million (though this included centrally negotiated contracts and activities other than market testing and contracting out). Departmental savings arising from the CFQ programme totalled £11.8 million by early 1997. A review of the CFQ programme for the financial years 1996/97 and 1997/98 was to have been undertaken by the end of May 1998 but other more pressing tasks took priority, e.g. procurements in support of the British Cattle Movement Service; Aerial and Satellite Surveillance contracts; the management of MAFF's contract with ADAS.

departmental operations

13.73 CFQ has encouraged some innovation in service delivery and raised the profile of service quality amongst users and providers. External contracts are subject to formal contract management and internal service provision subject to formal service level agreements and audit reviews. CFQ has fostered the on-going willingness of many groups and divisions to embrace the value for money concepts of effectiveness, efficiency and economy.

Better Quality Services

13.74 MAFF will regularly and systematically review services and activities over a 5 year period in line with the policy set out in the handbook "Better Quality Services". It will develop a review programme by September 1999 setting out those services that will be reviewed each year with the intention to review at least 60% of services by March 2003.

Value For Money

13.75 MAFF uses a variety of measures to improve the value for money obtained from expenditure on its schemes and administration. Many of MAFF's activities are demand led, with major programme areas dependent upon EU decisions, and therefore susceptible to fluctuations in work volume. Inevitably, efficiency improvements often take the form of 'doing more with the same' or achieving greater responsibilities and work volume within existing budgets. Techniques used to increase efficiency include procurement savings, consideration of strategic contracting out, management/efficiency reviews and investment in IT to secure running cost savings. Value for money exercises are carried out under a number of different programmes; details can be found under the appropriate entries.

Contingent Liabilities

13.76 MAFF has five contingent liabilities which, if any costs arise, would involve payments from the Vote: National Collections of Industrial and Marine Bacteria, reserved rights of staff (potential liability: £0.3m); Agricultural Credit Corporation, guarantees (potential liability: £1.7m); indemnities to MAFF staff holding executive directorships (potential liability unquantifiable); National Institute of Agricultural Botany (NIAB) an unquantifiable indemnity until 31 March 1998 on which a legal claim could still be made; also NIAB, correction of a possible pension anomaly (slightly over £0.1m).

Maladministration

13.77 Financial compensation for maladministration is based on loss of entitlement to grants or subsidies, interest foregone due to a late payment by MAFF of grants or subsidies, and the reimbursement of additional advisors' fees and other financial losses actually incurred by complainants in successfully pursuing their complaints. The figure for 1997-98 is £0.4m.

13.78 Summary details of any compensation payments for failure to meet standards are not separately identifiable (at present). The figure for compensation payments, other than maladministration, for 1997-98 is £0.8m.

Prompt Payment of Bills

Government Departments and their Agencies are required to monitor their payment performance and to publish the results in their Departmental and annual reports. Departments' payment performance figures are published by arranged Parliamentary Question. Reported figures relate to the payment of supplier invoices and do not include payments against UK and EU regulatory schemes which are subject to separate measurement and publication against Citizens Charter targets published in the Charter document *Commitment to Service*, second edition. This document is available from any of the Ministry's Regional Service Centres.

MAFF's figure of 83.8% compares unfavourably with the previously reported figure of 91.8%. The target for Departments and Agencies was to pay 95% of their undisputed invoices for goods and services within agreed contractual terms. DTI Ministers have now increased this target to 97.5% for the current financial year, and to 100% for the next financial year (1999/2000). MAFF's standard terms of payment for all suppliers are payment within 30 days of receipt and agreement of a valid invoice unless other payment terms are negotiated in the contract.

Urgent steps have been taken to improve MAFF's prompt payment performance. These included a review of supplier payment terms; the introduction of procurement card pilot schemes; and the improvement of poor supplier invoicing disciplines where necessary. On-going initiatives are addressing potential organisational changes to delegated purchasing and payables arrangements with a view to increasing administrative efficiency; reviewing internal financial processes and procedures to ensure that sufficient emphasis is being placed on prompt payment internally; and assessing the potential for increased use of electronic commerce as a means of streamlining the payments process for goods and services.

MAFF is a signatory to the CBI's Prompt Payment Code and has indicated its support for the CBI's Better Payment Practice Campaign and to the CBI's revised version of the CBI Code called the Better Payment Practice Code.

COMPLAINTS TO THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

At the beginning of the financial year 1997-98, there were eleven MAFF cases outstanding from previous years where the Ombudsman's investigations were continuing. During the financial year he formally invited MAFF to comment on six new complaints to him, and he determined a total of eight cases, leaving nine outstanding. Of the concluded cases:

- a) two complaints were not upheld, and
- b) one was considered to be not within his jurisdiction, although MAFF accepted his advice to reword a leaflet which was the cause of the complaint.

The remaining five cases were upheld by the Ombudsman. They concerned:

- a) MAFF's unfair assessment of a claim for financial aid for a protein crop grown under the AAPS in 1993/94. MAFF apologised and made repayments with interest to the complainant.
- b) Two failures to provide information requested under the Code of Practice on Access to Government Information. MAFF provided the information and apologised for its mishandling of the requests.
- c) Failure to meet Customer Charter targets for the issue of Cattle Identification Documents (CID) and to inform producers fully about changes to scheme rules. MAFF apologised and compensated the complainant for payment lost.
- d) Misleading advice given by MAFF in the administration of BSPS and SCPS claims. MAFF made ex-gratia payments to the complainant.

departmental operations

Internal Consultancy
Programme Code: PO:070

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	191	191	210	207	200
of which:					
a) Current					
i) Running Costs	178	178	197	194	187
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	0	0	0	0	0
b) Capital (net)	13	13	13	13	13
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	191	191	210	207	200

This was programme IR2:02 "Staff Inspection and Consultancy" in the old programme structure (title change only).

- 13.79 The objectives of this programme are:
- a) to assist efficiency and economy in the use of resources and effective organisation; and,
 - b) to assist in the core-MAFF/Agency Job Evaluation Review and longer term maintenance of proper grading standards.

13.80 Activities under the programme also include grading guidance and job evaluation, including use of the Cabinet Office Job Evaluation and Grading System (JEGS) to assist in the core-MAFF/Agency Job Evaluation Reviews, the results of which were used to assist in shaping MAFF's future pay and grading system. The Internal Consultancy service also includes a small organisation and methods service and general advice on benchmarking, quality assurance and other management skills techniques. These services are provided also to MAFF's Agencies, as required, on a "shadow" charging basis.

13.81 The programme has continued to focus on internal consultancy, responding to managers' needs as they arise. In 1998/99 this activity accounted for 90% of resources used. The Inspectorate's programme is very much demand-led and, because managers are not obliged to use the service, it must offer a variety of skills and maintain at least comparable standards to external providers. Although the focus of attention has been on concluding the core-MAFF/Agency Job Evaluation Reviews, and maintenance of the Job Evaluation of Senior Posts Review (JESP), other assignments have covered a wide range of issues e.g. organisational structure, staff resources, market testing, departmental security and assistance in the setting up of new Agencies.

13.82 Performance is measured:

- a) quantitatively: this includes the percentage of reports issued to clients within the timescale agreed with clients (100% in 1998/99) and the amount of "direct" time devoted to assignment work (65% in 1998/99 covering all staff overheads); and
- b) qualitatively: where Customer Satisfaction Questionnaires are sent to all clients asking for comments on a range of attributes including delivery and quality of advice. In 1998/99 a rating of 85% was achieved against a target of 70%.

13.83 No formal savings targets are set for either staff inspection or consultancy work, particularly as the former is an assurance function. Nevertheless, efficiency savings in excess of £0.5m were achieved in the current year, and savings from previous years reviews, realised in 1998/99, were in the region of £1.5m, with further savings of £1m expected for the following year.

13.84 For the immediate future, the key task is the development of procedures and practices that will support MAFF targets on efficiency. The data derived from the core-MAFF/Agency Job Evaluation Reviews, and the JESP system for changes to posts in the Senior Civil Service, will need to be maintained as an assurance function. Other consultancy work will continue, by providing a management services function that can respond to the Ministry's needs and be competitive for work in Agencies and NDPBs.

departmental operations

Management of Accommodation and Property Resources
Programme Code: DO:080

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	38,908	41,624	33,777	47,804	69,436
of which:					
a) Current					
i) Running Costs	43,549	49,842	48,311	49,560	51,882
ii) Scheme Costs (including R&D)	544	544	392	380	388
iii) Receipts	-31,931	-38,224	-35,575	-35,575	-35,575
b) Capital (net)	21,746	29,462	20,649	33,439	52,741
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	33,908	41,624	33,777	47,804	69,436

This was programme IR2:03 in the old programme structure. It includes the former programme EA1:07 "CSL Co-location".

- 13.85 The objectives of this programme are:
- a) to provide, maintain and dispose of buildings and land,
 - b) to make the best use of the minimum amount of accommodation needed to meet MAFF's requirements efficiently, and
 - c) to safeguard MAFF's property interests.

13.86 Estate rationalisation led to the sale of 10 freehold properties during the 1998/99 financial year. Sales included most of the old Agriculture and Food Research Council (AFRC) site at Littlehampton, Sussex and part of the HRI site at Wellesbourne, Warwickshire. Non EU scheme receipts are predominantly for sales of land and property and rental income from minor occupiers on the MAFF estate, but also include a small amount for rents for dwellings occupied by farm workers, commercial rents for surplus properties awaiting disposal and payments for wayleaves and easements.

departmental operations

13.87 The need for new BSE research accommodation has continued to dominate MAFF's capital building programme this year, requiring £13 million to be spent. A further £10 million is programmed to be spent on BSE related works in 1999/2000. BSE accommodation has now been completed at three farms on MAFF's estate but the emphasis is now moving towards the related research buildings required by the Veterinary Laboratories Agency. These buildings are to form part of the proposed phased redevelopment of the Agency's Weybridge site. New Regional Service Centre offices to replace substandard accommodation at Crewe and Northallerton (a sale, redevelop and leaseback project) were completed along with a new office building to house the Veterinary Medicines Directorate at Weybridge. As part of an office rationalisation of MAFF's accommodation in London an agreement to lease has been signed for a building in Page Street, London SW1, close to MAFF's Nobel House headquarters' building. Staff will then vacate St Christopher House, London SE1 and the Toby Jug site at Tolworth. The latter will be sold for redevelopment.

13.88 A Private Finance Initiative scheme to redevelop MAFF's Cambridge site is being examined. The proposal would be for new serviced office accommodation for MAFF and other Government Departments and the construction of housing on the remainder of the site. The existing MAFF building is cramped and is suffering from accelerating structural deterioration.

13.89 As a result of budgetary constraints in 1998/99 the building maintenance programme was smaller than in previous years. Resources were concentrated on the management and upgrading of existing buildings using Managing Agent and Facilities Management contracts. Some of these contracts fell due for replacement and new ones were procured in accordance with EU contractual procedures. The Millennium date change problem affects many items of equipment in buildings as well as those connected with IT. All items such as building management systems, lifts and specialised plant have been examined for microprocessors. Following a risk assessment, a programme for testing and remediation is now well underway with a target for completion by mid 1999. Testing will continue for three months after that.

13.90 Plans for the future include continuing the disposal of redundant land and buildings, and exploring options for refurbishing or developing some of MAFF's aged buildings. Following the relocation of Ministers' offices from Whitehall Place to Nobel House, a new strategy for the Ministry's HQ offices

in London is being developed. Work will continue on preparations for the redevelopment of the Veterinary Laboratories Agency's Central Veterinary Laboratory at Weybridge.

Greening Operations

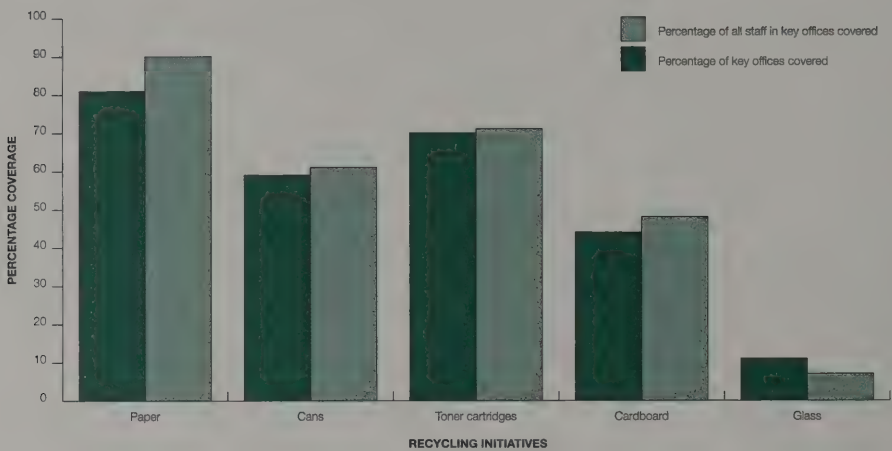
13.91 MAFF, including its Executive Agencies, remains fully committed to observing wherever possible the best environmental practices in the management of its estate. In August 1998, a new dedicated unit was established to co-ordinate the Department's Greening Operations. In particular, the new Unit will:

- a) undertake a full review of the Department's overall 'Greening Operations' Strategy by March 1999;
- b) prepare a 'Green Transport Plan' for the Ministry's main HQ offices by March 1999 and for all other key buildings (over 50 staff), including main buildings occupied by Executive Agencies by March 2000; and
- c) look to introduce an Environmental Management System at one or more of the Ministry's sites by the end of this Parliament.

13.92 In addition, the Unit will continue to promote Greening Operations initiatives across the Department's estate.

13.93 A survey was undertaken during 1998 to establish the extent to which Greening Operations initiatives have been implemented. The results of the survey are being used to help review progress and to identify areas where there is room for improvement. As an example, Figure 13.1 shows the extent to which recycling initiatives have been implemented at the Department's main sites.

Figure 13.1: Implementation of main recycling initiatives at the Department's key sites*

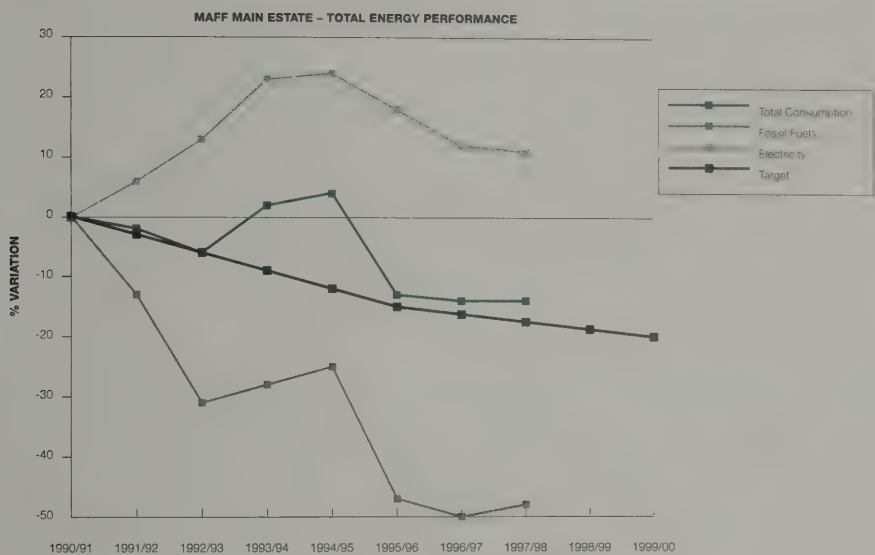


* Key sites are those MAFF or Executive Agency sites with over 50 staff where MAFF or the Agency is the sole or major occupier. There are 27 such sites which cover approximately 70% staff.

Energy efficiency

13.94 MAFF continued to make good progress towards the Government's target of a 20% reduction in energy consumption by March 2000 compared with a 1990/1 baseline (see Figure 2). Our 1997/8 return to the DETR showed a 14% reduction in energy consumption for both the Main Estate and the Laboratories; this represents a significant improvement over previous years and augurs well for our efforts to meet the Government's target. Staff awareness programmes have continued and have been well attended and well received.

Figure 13.2: Total energy performance for the Department's main estate



“Open House” Weekend for the Public

13.95 Following the refurbishment of rooms in Nobel House for Ministerial occupation (mentioned in last year’s report) this Grade II* listed building was opened to the public for the first time as part of the ‘Open House’ weekend aimed at promoting appreciation of London’s architectural heritage. Over 700 visitors saw the rooms and a display about MAFF and the building. The visitor’s reaction was very favourable and the building was mentioned as one “not to miss” on GLR radio.

departmental operations

Devolution

Programme Code IR2:06

13.96 Work on devolution has expanded and been integrated within the mainstream of the Department's activities. The co-ordinating function on devolution which is covered by this entry has been merged with European Union Division's co-ordination activities and the programme incorporated into programme RC:010, Central Planning on the CAP.

Ministers and Top Management

Programme Code DO:090

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	1,645	1,645	1,824	1,825	1,856
<i>of which:</i>					
a) Current					
i) Running Costs	1,633	1,633	1,812	1,813	1,844
ii) Scheme Costs (including R&D)	7	7	7	7	7
iii) Receipts)	0	0	0	0	0
b) Capital (net))	5	5	5	5	5
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	1,645	1,645	1,824	1,825	1,826

This was programme IR2:04 in the old programme structure.

13.97 This programme's objective is to provide Ministers and the Permanent Secretary with the support necessary to fulfil their statutory, parliamentary, representational and other duties effectively and efficiently.

13.98 Expenditure under this programme provides for the salaries of Ministers, the Permanent Secretary and the Minister's Special Advisers, and the cost of operating Private Offices. Private Offices provide the link between Ministers, the Permanent Secretary and the Ministry, Parliament, other

departmental operations

Government Departments and outside bodies and individuals. They ensure that Ministers and the Permanent Secretary have the necessary information to make policy and management decisions, and are adequately briefed for visits, meetings and debates.

13.99 The volume of work continued to increase significantly, largely as a result of interest in BSE and related issues, but also because of heightened levels of interest in the new Government's policies following the General Election.

13.100 Ongoing installation of IT systems to aid the management of Ministers' diaries, the handling of correspondence and of Parliamentary Questions continued throughout the year.

13.101 A key priority for 1998 was the smooth and efficient management of the UK's Presidency of the EU which proved very successful.

Management of Human Resources

Programme Code DO:100

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	16,934	16,934	18,897	17,805	17,738
of which:					
a) Current					
i) Running Costs	17,956	17,960	19,919	18,827	18,760
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	-1,584	-1,588	-1,584	-1,584	-1,584
b) Capital (net)	562	562	562	562	562
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	16,934	16,934	18,897	17,805	17,738

This was programme IR3:01 in the old programme structure.

departmental operations

13.102 This corporate programme is geared to ensuring that MAFF is adequately staffed by people who are well managed, fairly rewarded and work in a safe environment with appropriate support services. As such, the programme costs covers the development and implementation of a wide spectrum of interlinked policies relating to employment, staff management, staff welfare, development and training, health and safety, pay and grading issues, staff payment mechanisms and the cost of office services in the majority of HQ buildings, including post, reprographics, messengers and record management requirements.

13.103 Pay policies are implemented centrally or through devolved personnel and pay functions in Agencies, Regional Service Centres and certain other business units; actual pay is generally provided for under the administration cost of each programme. Costs related to personnel and other establishments services provided to MAFF and certain Agencies are included in this programme. Staff numbers are shown in the table at Annex 8. The centralised costs, shown above, are for those services which related to the whole of MAFF, including agencies, such as staff secondments, early retirement costs and transfer expenses.

Senior Civil Service

13.104 Progressive implementation of MAFF's IIP Action Plan has relied heavily on the commitment and involvement of SCS members. Increasingly, there is a need for co-operation in establishing objectives, setting priorities and managing resources. Members of the SCS have been key in advising staff on business developments, obtaining their views through cascade briefings and in ensuring that these are brought to the attention of top management. Their greater management role has been supported by a tailored development programme. Attendance at a development centre forms the core of this approach which has been well received by those who have attended. The number of SCS members is shown by salary band at Annex 9.

Pay

13.105 Responsibility for delegated pay and grading for staff outside the Senior Civil Service rests separately with the Chief Executives of MAFF's Agencies and the core-Department. Agreement was reached with the three unions (IPMS, FDA and the PCS) on a revised and final offer made on 14 May 1998.

13.106 The settlement continued the process of simplifying the pay structure by amalgamating ranges for administrative and scientific, professional and technical staff at each level. In addition, entry ranges for new recruits were abolished, with improvements to most range minima and maxima. The performance related pay awards were supported by a cash payment and underpinning minimum increase for low paid staff. The offer was worth 4.7% of the pay bill, including the structural changes worth about 0.5%.

13.107 The offer meant that the vast majority of staff received consolidated increases in the range 3.0%-6.2%. The simplified structure of the pay regime together with new computer software enabled awards to be paid with July salaries, considerably earlier than in the previous year. Subsequent to the main settlement, agreement was reached on streamlined arrangements for awards to staff on temporary promotion together with a general increase from 5% to 7.5% in the uplift on promotion.

Investors in People (IIP)

13.108 Official confirmation of MAFF's commitment to Investors in People was received from Focus Central London, Training and Enterprise Council, following submission in April 1998 of a 10 point Action Plan addressing the 4 IIP principles: Commitment, Planning, Action and Evaluation. In line with the new internal communications strategy, all staff were briefed through face-to-face cascade meetings. Comments were sought and addressed on the Action Plan, internal communications and Departmental training and development strategies.

13.109 MAFF recognised the need for genuine commitment from senior management. In addition to a small team charged with monitoring implementation of the Action Plan, an IIP sub-Group has been established, chaired by the Permanent Secretary with representation from key areas and including the Departmental Trade Union Side. Major issues are considered at Management Board level.

13.110 The main objective of the Action Plan is to establish a clear relationship between business planning and training and development. Progress on business planning and dependent systems has been hampered by the uncertainties inherent in the Comprehensive Spending Review. High level plans have been developed for 1999/2000 and work is now underway to relate these to Group and individual objectives which in turn will determine training needs. The contribution to the business of training delivered will then be evaluated as part of an ongoing annual review cycle.

13.111 The Action Plan provides a vehicle for culture change and a climate for engendering good management practice. To assist managers and staff in taking forward the various strands of the Action Plan, a support network has been established. The benefits which should flow from the changes necessary to achieve IIP status should include clear business planning, better communications, focused training and the more effective delivery of work objectives. MAFF's timetable is challenging, but the target for achieving IIP status remains as the year 2000.

Changing MAFF

13.112 The wish of Ministers to give greater emphasis to the interests of the consumer and the environment lay at the heart of the Changing MAFF initiative. Staff at all levels responded positively and this message has been incorporated into policy reviews and developments undertaken during the year. A small team was established which, with the assistance of external consultants, was charged with preparatory work for a focused relaunch of the Department. This involved an attitude survey of the general public, opinion makers and staff. No decisions could be taken on the possible repositioning of responsibilities and a new name pending the final outcome of the Comprehensive Spending Review. The opportunity was therefore taken to link the Changing MAFF initiative with the drive towards Investors in People. Both are concerned with an internal culture change directed ultimately at providing a more efficient and responsive external service.

Training

13.113 New training initiatives continued to be developed in anticipation of changing business needs. The move towards an Investor in People culture was associated with a general raising of the profile of training and development. Budgets have been safeguarded, induction training for new members of staff has been reviewed and a revised programme of awareness and competence training has been piloted. Development schemes generally are being reviewed to increase their effectiveness in delivering competences for future career development. Work on a training evaluation system approached completion. 17 young managers were selected for the Management Standards Programme with the aim of obtaining a level 3/4 NVQ in Management. Additional courses were run for staff involved in the United Kingdom Presidency of the European Union. The overall aim of training in MAFF is to equip staff with the skills needed for their jobs and to maximise their long-term development potential.

Table 13.3: Training in MAFF (including Agencies)

Year	1994/95	1995/6	1996/97	1997/98	1998/99
Training days delivered by TDB	7,427	7,106	8,495(a)	7,006	>7,000
% of staff satisfaction with training received	86%	95%	85%	86%	>85
Spend on T&D (core-MAFF) (£'000)	3,603(b)	2,745	4,099(c)	4,615	>4,000
Spend on T&D as % of staff costs (core-MAFF)	2.42%	1.89%	2.72%	3.43%	>2.5%

- a) The increase from previous years is due to an exceptional need to train staff in Core-Competences.
- b) Includes significant investment in corporate IT training.
- c) Basis of calculation revised to meet Cabinet Office definition of training spend.

Exchange of Staff

The benefits of both inward and outward secondments are well established and MAFF exceeded its objective of a 10% increase in the level of interchange activity, mainly by expanding the programme of outward secondments.

The European Institutions and other Member States remained the primary target of outward secondments. These secondments are valuable in giving officials an insight into the European decision making process and build up contacts with European officials, both of which can be of great value. A dozen members of staff have been involved this year. In addition to 9 officials holding posts as Detached National Experts and 8 Temporary Agents, MAFF continues to nominate its younger staff for six month placements under the Stagiaire Scheme and 4 have gained direct experience of the internal workings of Europe through this scheme which does not require a long-term commitment. During 1998 one stagiaire placement was to the Council Secretariat which proved particularly useful during the UK Presidency. Staff were also given placements in Sweden and Germany as part of the exchange schemes with other Member States. In view of MAFF's extensive involvement in EU decision making these areas are expected to remain of importance during future years.

Through the Whitehall and Industry Group and other contacts with the private sector a number of short-term attachments were made to private companies to give officials an oversight of the way the companies work. At the invitation of the US administration one member of MAFF's senior civil service undertook a study tour in the United States concerning US trade and world markets.

The number of inward secondments at 21 increased during 1998, largely as a result of loans from other Government Departments. In addition, 62 Department of Health staff joined the Joint Food Standards and Safety Group in preparation for the new Food Standards Agency.

departmental operations

A number of visits were arranged for officials engaged in the implementation of Single Market legislation under the EU's Karolus exchange programme. In 1998, MAFF hosted 4 inward visits including exchanges under the veterinary exchange programme.

Recruitment

13.114 Government Departments are required by the Civil Service Commissioners' Recruitment Code to publish summary information about recruitment activity. In MAFF and its Executive Agencies, the majority of recruitment is carried out in accordance with the rules on fair and open competition and selection on merit. The main exception to this is in the area of short-term (ie under 51 weeks) casual appointments, where there is no prospect of extension of the appointment or conversion to permanent. Recruitment systems are subject to internal checks to ensure that they are working effectively.

13.115 The total numbers of staff appointed to permanent, fixed term or conditional appointments within core-MAFF (including staffing of the British Cattle Movement Service in Cumbria), the Veterinary Medicines and the Pesticides Safety Directorate in the year to 31 December 1998 is as follows:

Table 13.4: Appointments in MAFF, 1988

Grade Equivalent	Permanent	Period/ FTA	Total Number		Women	% People with Disability
			Conditional	% Ethnic Minority		
SCS	1	–	–	–	–	–
6	1	–	–	–	–	–
7	8	3	–	–	18%	–
SEO	4	6	–	–	10%	–
HEO	18	10	–	–	60%	–
EO	64	107	–	4%	48%	1%
AO	109	127	3	6%	59%	3%
AA	287	97	24	10%	60%	2%

13.116 The number of occasions on which permitted exceptions to fair and open competition have been used are detailed at Table 13.5 below.

Table 13.5: Permitted exceptions to the use of fair and open competition, 1998

RSCs	
4 casuals AAs	extended beyond 12 months (Cull Cow Scheme/Cattle Passport Scheme work) re-instated (formerly a Civil Servant, re-instated to a permanent position, after a period of casual service, when a permanent vacancy occurred)
1 Animal Health Officer	
HQ	
1 Senior Scientific Officer	re-instated (ongoing BSE work)
3 Higher Executive Officers	re-instated (shortage of substantive HEOs)
1 casual Animal Health Officer	appointment extended beyond 51 weeks, as workload was still there, though not permanently
2 Administrative Officers	re-instated (due to the difficult employment situation at Tolworth and uncertainty over the move to Page Street)
1 Typist (Part Time)	re-instated (uncertainty over future of typist posts)
4 Full Time/2 Part Time Typists	loans from OGDs, for 2 years (due to uncertainty over future of typist posts)

Equal Opportunities

Table 13.6: Permanent core-MAFF staff in post by grade and grade equivalent, ethnicity, gender and staff with disabilities at 1 April 1998:

	Ethnic Minority	% of respondents in grade	Female	% total staff in grade	Staff with Disabilities	% total staff in grade
SCS	0	0	15	15.2	2	2.0
Grade 6	3	3.2	20	20.6	5	4.9
Grade 7	6	2.1	66	22.6	24	8.3
SEO/HEO	29	2.2	473	34.7	84	6.2
EO	47	4.0	594	47.9	75	6.1
AO/AA	266	9.6	1801	61.5	258	8.8
TOTAL	351	6.1	2970	49.3	448	7.4

Ethnicity figures are based on response to the voluntary ethnic origin questionnaire, response rate 94.8 %.

Disability figures are based on response to the voluntary disability questionnaire.

13.117 In the SCS, representation of women in core-MAFF has increased from 13.7% in 1997 to 15.2% in 1998 and there has also been an increase at Grade 6 level. Representation of women in other grades has not changed significantly.

departmental operations

13.118 There has been an increase in the ethnic minority representation at EO level in core-MAFF, part of which resulted from direct entrant intake. This increase boosts the feeder grade for middle and senior management grades. Representation at the AO/AA level remains stable and the 9.6% representation compares well with the national benchmark of 6% for the economically active population. Changes in grade structures at SEO/G7 level are reflected in this years figures for all staff.

13.119 MAFF continues to sponsor two students under the Windsor Fellowship scheme which supports the development of ethnic minority undergraduates.

13.120 MAFF's equal opportunities training programme has been extended and an open learning package is now available to all clerical and support staff at over 20 centres throughout the country. This means that every member of staff has now received training or has training available to them.

13.121 A panel of officers qualified to investigate formal complaints of discrimination and harassment by colleagues has been established. A training programme for them is underway.

13.122 Detailed information about the MAFF's equal opportunities policy and associated arrangements have been revised and re-issued.

Welsh Language Act 1993

As required by the Welsh Language Act 1993, MAFF is in the process of formulating a scheme which will set out the services which will be offered by MAFF and its Agencies to the Welsh-speaking public.

Once the scheme is agreed with the Welsh Language Board (the body appointed by the Act to evaluate such schemes), the MAFF scheme will go out to consultation. It is expected that the MAFF scheme will come into force early in 1999 with a timetable for phasing in the services on offer over the subsequent 3 years.

departmental operations

BSE Inquiry
Programme Code: PO:110

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	0	0	0	0	0
of which:					
a) Current					
i) Running Costs	0	0	0	0	0
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	0	0	0	0	0
b) Capital (net)	0	0	0	0	0
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	0	0	0	0	0

This programme was created during 1998-99.

13.123 The Minister of Agriculture, Fisheries and Food announced on 22 December 1997 that the Government had asked the Rt. Hon Lord Justice Phillips to chair a non-statutory inquiry into BSE and new variant CJD, with the following terms of reference:

To establish and review the history of the emergence and identification of BSE and nvCJD in the United Kingdom, and of the action taken in response to it up to 20 March 1996; to reach conclusions on the adequacy of that response, taking account of the state of knowledge at the time; and to report on these matters by 31 December 1998 to the Minister of Agriculture, Fisheries and Food, the Secretary of State for Health and the Secretaries of State for Scotland, Wales and Northern Ireland.

departmental operations

13.124 The Inquiry is divided into two phases. In Phase 1, which ended in December 1998, the Inquiry asked witnesses for factual information. Phase 2 of the Inquiry, which is ongoing, involves further hearings drawing on responses to letters sent to individuals by the Inquiry asking for further clarification or asking them to address potential criticisms. All hearings take place in public on the 6th Floor of Hercules House, Hercules Road, London SE1 7DU.

13.125 The date for the completion of the report to Ministers was extended to 30 June 1999 at the commencement of the Inquiry. On 17 February 1999, the Minister of Agriculture, Fisheries and Food announced that the Committee of Inquiry had indicated that it needed an extension of time beyond 30 June 1999 to enable it to complete its work. Discussions are underway on the additional period that will be required to allow the Inquiry to do this.

13.126 The Inquiry is funded jointly by these departments, with MAFF contributing 50%, the Department of Health 30%, the Scottish Office 10%, and the Welsh and Northern Ireland Offices 5% each.

13.127 Further details of the Inquiry may be found on the BSE Inquiry internet site (<http://www.bse.org>).

research and development

14.1 In this year's Departmental Report, for the first time, details of MAFF's research activities are included under individual programme entries to show the contribution to policy goals in each area. Expenditure on R & D in 1998/99 approached £127 million. This Chapter outlines the approach to the management of the Department's R & D and also sets out details on the discrete strategic science programme. Table 14.1 at the end of this Chapter shows research expenditure by policy programme.

14.2 MAFF funds research at its own Agencies and NDPBs, Research Councils, Universities and other commercial bodies and increasingly through open competition. At any one time, MAFF has around 2,000 individual research projects involving more than 100 different contractors.

14.3 In prioritising and managing its research programme, the Ministry places great emphasis on co-ordination and co-operation with other research funders and interested parties. MAFF Ministers and officials participate in the Technology Foresight initiative; Concordats are in place with BBSRC, NERC, MRC and the Environment Agency; and MAFF, jointly with the Department of Health, provides the Secretariat for cross-Government committees on R & D on transmissible spongiform encephalopathies. MAFF actively encourages UK industry and researchers to participate in EU research programmes, in particular the Framework programmes, the fifth of which is to start in 1999 offering substantial opportunities for collaborative R & D.

14.4 The Ministry has access to scientific advice of the highest quality through a range of independent advisory bodies and committees. These bodies have an influential role in framing the research programme and identifying issues on which research effort should be focused. Throughout all MAFF research commissioning processes, its staff work closely to the guidance on The Use of Scientific Advice in Policy Making, issued to Departments by the Government's Chief Scientific Advisor in March 1997.

14.5 During 1999, external consultants will be conducting what will be the first formal retrospective evaluation of an area of MAFF research. The study, which will be published, will focus on the Crop Molecular Genetics research programme and will consider the programme's success against its policy and scientific objectives and whether it provided value for money.

Science Policy
Programme Code SP:010

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	19,713	19,713	19,691	19,204	18,512
of which:					
a) Current					
i) Running Costs	1,513	1,513	1,678	1,705	1,731
ii) Scheme Costs (including R&D)	18,170	18,170	17,983	17,469	16,751
iii) Receipts	0	0	0	0	0
b) Capital (net)	30	30	30	30	30
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	19,713	19,713	19,691	19,204	18,512

This was programme CE2:43 in the old programme structure. Work on Plant Genetic Resources previously in CE2:43 now has its own programme, SA:020.

14.6 In addition to the research which is directly linked to policy objectives, MAFF funds a discrete programme of underpinning science. The intention is still to address Government policy issues, but in areas where the science required is more strategic, cross-cutting or urgent. The aim is to have the flexibility to respond quickly to scientific issues and needs, such that important strategic leads are followed up. Particular examples include epidemiological studies on the public health implications of E coli 0157 H7 in cattle, work on the bovine genome, and assessment of the risks to the agricultural environment from the release of Genetically Modified Organisms.

14.7 As part of the contribution to scientific foresight, the programme now includes funding for Veterinary Fellowships in Universities to address critical shortages of expertise. The programme has until recently also included the

Postgraduate Agricultural and Food Studentship Scheme, which funded postgraduate research relevant to the Government's policy aims. In the context of the Comprehensive Spending Review, the decision was taken to close this scheme. However, all existing studentships, including those which started in October 1998 will be honoured in full.

14.8 The programme also includes sponsorship by MAFF of HRI, an executive NDPB. HRI operates to a Management Statement and as a charity and company limited by guarantee. It carries out research and development and transfers the results to the UK horticulture industry and wider user community. Its mission is: to innovate and communicate for the benefit of consumers and producers of horticultural and other plant-based products.

14.9 HRI has a current annual turnover of some £24 million. Its main customers are MAFF, BBSRC, the horticulture industry and the EU. Over the past year, HRI has been working up new finance and business plans, and has reviewed its science strategy. The results of this were presented to Ministers in the Autumn in HRI's Corporate Strategic Plan for the period 1998 to 2003 (copies are available from HRI Wellesbourne). As a part of this planning process, HRI envisages establishing a new commercial subsidiary to help exploit certain HRI products and services.

Table 14.1: MAFF research funding by Programme

(£,000)

Programme	Title	Estimated Outturn 1998-99	Plans 1999-2000
PH:010	BSE and Scrapie	12,533	14,214
PH:020	Zoonoses	4,395	4,395
PH:030	Veterinary Medicines	1,859	1,878
PH:040	Pesticides Safety	8,018	7,801
PH:050	Food Safety	6,958	6,958
PH:060	Food Hygiene	4,264	4,264
PH:070	Radiological Protection and Food Contamination Incidents	990	990
PH:080	Food Quality and Nutrition	6,622	6,622
PH:090	Feedingstuffs and Fertiliser Standards	88	84
EN:010	Environmentally Sensitive Areas (Policy)	1,769	1,766
EN:020	Countryside Stewardship	309	335
EN:030	Conservation	300	294
EN:040	Farm Woodlands (Policy)	856	890
EN:050	Environmental Protection	8,845	8,673
EN:060	Aquatic Environment	4,295	4,500
EN:070	Organic Farming (Policy)	1,140	2,100
EN:080	Countryside Management	1,294	1,212
EN:090	Salmon, Whaling and Inland Fisheries	638	616
EN:110	Land Use and Tenure	56	48
EN:130	"Alternative" Crops	2,635	2,680
TM:020	Arable Crops (Policy)	5,764	5,608
TM:050	Beef (Policy)	1,228	1,174
TM:060	Sheep (Policy)	2,919	2,822
TM:070	Pigmeat	1,250	1,130
TM:080	Eggs and Poultry	1,110	1,065
TM:090	Milk and Milk Products (Policy)	2,741	2,852
TM:100	Horticulture, Potatoes and Mediterranean Crops	12,273	11,972
TM:120	Food Industry and Competitiveness	2,938	3,052
TM:140	Plant Varieties and Seeds	347	352
TM:170	Fish Farming and Shellfish Production	2,392	2,677
TM:180	Animal Disease Control	5,856	5,778
TM:190	Plant Health	798	725
ES:010	Rural Economy (Policy)	61	97
FS:010	Conservation of Sea Fish Stocks	3,783	3,682
WS:010	Farm Animal Welfare	3,950	3,973
FE:010	Flood and Coastal Defence	2,129	2,507

Table 14.1: MAFF research funding by Programme (continued)

(£,000)		Estimated	Plans
Programme	Title	Outturn	1999-2000
		1998-99	
SA:020	Plant Genetic Resources	9,185	7,704
SP:010	Science Policy		
	Yet to be allocated		
	GRAND TOTAL	126,588	127,350

MAFF's Executive Agencies

MAFF's Executive Agencies

15.1 MAFF has seven Executive Agencies which employ approximately half of its staff. Each Agency is headed by a Chief Executive who is responsible to the Minister for the management of the Agency. The Permanent Secretary is, in all cases, the Principal Accounting Officer and the Chief Executives are the Agency Accounting Officers. The link between MAFF and the Agencies is provided by each Agency's Ownership Board. Ownership Boards are chaired by the Permanent Secretary (CSL, CEFAS and VLA) and the Head of Food Safety and Environment Directorate (FRCA, MHS, PSD and VMD) and comprise senior MAFF officers, officers from other Government Departments where appropriate (MHS, FRCA, PSD and VMD) and two or more independent external members.

15.2 MAFF's Agencies and their dates of establishment are:

- a) Central Science Laboratory (1992);
- b) Centre for Environment, Fisheries and Aquaculture Science (1997, formerly the Directorate of Fisheries Research);
- c) Farming and Rural Conservation Agency (1997, owned jointly with the Welsh Office);
- d) Meat Hygiene Service (1995);
- e) Pesticides Safety Directorate (1993);
- f) Veterinary Laboratories Agency (1990); and
- g) Veterinary Medicines Directorate (1990)

15.3 MAFF works with its Agencies through their Ownership Boards and in the context of each Agency's Framework Document to encourage them to pursue continuing improvements in economy and efficiency. These objectives are enshrined in each Agency's performance targets which are set each year by the Minister and published in Hansard. Their Annual Reports provide full details of their activities, although this Chapter gives a brief summary.

Central Science Laboratory (CSL)
Programme Code: EA:010

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	-1,525	-1,525	-1,525	-1,525	-1,525
of which:					
a) Current					
i) Running Costs	29,261	29,761	29,261	29,261	29,261
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	-32,286	-32,786	-32,286	-32,286	-32,286
b) Capital (net)	1,500	1,500	1,500	1,500	1,500
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	-1,525	-1,525	-1,525	-1,525	-1,525

This was programme EA1:02 in the old programme structure.

15.4 The Central Science Laboratory Annual Report and Accounts for 1997-98 was published on 28 July 1998. Copies may be obtained from The Stationery Office Bookshops, price £11.00. A copy of the current CSL Science Review may be obtained, free of charge, from the Information Centre, CSL, Sand Hutton, York YO41 1LZ.

15.5 CSL became an Agency on 1 April 1992 and two years later was re-launched as an enlarged Agency following its merger with the MAFF Food Science Laboratories. The Agency has operated under a net running cost control regime since 1 April 1994.

15.6 CSL's main objective is to provide scientific advice, technical and enforcement support, underpinned by appropriate R&D, to enable MAFF's customers to meet the Department's objectives in relation to food safety, safeguarding the food supply and protecting the environment. The income from MAFF customers represents 82% of CSL's turnover in 1998-99. The

balance is generated from levy bodies, other Government Departments, the EU and the wider public and private sectors.

15.7 The majority of the Agency's output, in terms of scientific projects, advice and support, falls into the following areas:

- a) the chemical and microbiological safety of food;
- b) the authenticity, quality and nutritional value of the food supply;
- c) pesticide safety, including monitoring of residues in food;
- d) surveillance of veterinary residues in food;
- e) performance assessment (FAPAS & FEPAS);
- f) impact of food production on the environment;
- g) animal health;
- h) plant health;
- i) control of pests and diseases of growing and stored crops; and
- j) conservation and wildlife management.

15.8 The work undertaken by CSL for MAFF customers is governed by Memoranda of Understanding which establish performance, cost and quality criteria. Specific outputs in relation to R&D for 1997-98 include, for example, completion of 428 project milestones. Outputs in terms of services include, as part of the support provided to MAFF Plant Health Division, 22,163 samples which were tested for quarantine pest or disease within the agreed performance target of three days for individual samples. Further, under the MOU with Pesticides Safety Directorate (PSD) CSL provides a range of surveillance activities and advice relating to the safe use of pesticides. This includes residues monitoring in foods, the environment and wildlife, formulation checking, application systems safety and usage statistics. All services to PSD are provided within appropriate and demanding performance targets and in 1997-98 delivery was within 96% of time and 99% of financial targets.

15.9 During 1998-99 significant progress was made in relation to selling CSL scientific expertise to the wider public sector and the private sector, with major contracts being won from DETR and DTI Link that will be delivered over coming years. This work will complement the expertise that CSL maintains in order to meet MAFF customer priorities. The drive to extend the customer base has resulted in an increase of 36% in external income over 1997/98. Scientific collaboration is becoming increasingly important in meeting new customer requirements and CSL already works closely with a wide range of institutes and universities both nationally and internationally. In 1998-99, CSL extended the scope of its collaborative

agreements to include the British Trust for Ornithology and the Scottish Agricultural College. |

15.10 Collocation of the majority of CSL's sites to a new purpose-built laboratory complex near York was completed between the autumn of 1996 and the summer of 1997. A further exercise to relocate the work undertaken at the CSL Norwich Food Science Laboratory to York was announced by the Minister on 21 May 1998. This relocation project, which is already well progressed, will be completed during 1999. The resulting consolidation at York will allow CSL to increase utilisation of the new laboratory and the scientific equipment. The move will add to the Agency's scientific position as a world-class facility, with strengths across the food chain from the field to the consumer, and increase its ability to compete for public and private sector work.

15.11 CSL is recognised as an Investor in People and is also a member of the British Quality Foundation. The Agency is committed to the use of the Business Excellence Model to improve the performance of the business and has also implemented a Quality Improvement System to encourage continuous improvement throughout the Agency. CSL has attained Good Laboratory Practice (GLP) compliance in a number of areas and also has procedures accredited by the United Kingdom Accreditation Service (UKAS). The Agency continually reviews the scope of GLP, UKAS and other accreditations and seeks to extend these to meet customer demands.

15.12 Key performance targets for 1998-99 are:

- a) to recover the full economic cost (calculated according to accruals accounting) of our services, after allowing for relocation costs;
- b) to operate within the net cash allocation as agreed by the MAFF Management Board;
- c) 1% improvement in utilisation of productive time;
- d) at least 90% of work completed to time and within budget;
- e) achieve a mean score of 3.5 on a scale of 0 to 5 for the assessment of customer satisfaction using the established methodology; and
- f) proportion of project milestones achieved to be at or greater than 82% (MAFF commissioned projects).

15.13 CSL was successful in meeting all of the key targets set for 1997-98.

Table 15.1: CSL performance against key targets 1997-98

Performance Measure	Target	Result
Recovery of full costs after allowing for relocation costs	100%	Achieved. 98.3% ₁
Operate within the net cash allocation as agreed by MAFF		Achieved
Improvement in utilisation of productive time	1%	Achieved. 2.8%
Work completed to time and within budget	90%	Achieved. 98%
Assessment of customer satisfaction (Scale 0 to 5)	3	Achieved. 3.88 for MAFF customers; 3.97 for non MAFF customers.
Proportion of milestones achieved (MAFF commissioned projects)	82%	Achieved. 90%

₁ A tolerance of plus or minus 2% is permitted in relation to the cost recovery target.

15.14 A revised CSL Charter document has been published setting out our commitment to improving customer service through Service First – the new Charter programme principles. The document, as well as other information concerning CSL, is available on the CSL web-site (<http://www.csl.gov.uk>). The Agency received no formal complaints during the year.

15.15 The Agency's future strategy will be to continue to raise the quality and value for money of the services that it provides to MAFF and to expand the customer base across the wider public and private sectors to ensure that the investment made in the world-class facilities at York and associated scientific expertise is fully exploited. The key aim will be to strengthen the long term viability of the Agency against the continuing pressures on public expenditure and an increasingly competitive environment for science funding. An important element will be to build on the scientific collaboration with other members of the York Bioscience Initiative and with other research institutes across the EU to take advantage of the opportunities provided by the Fifth Framework Programme.

CSL Co-location

Programme Code: EA1:07 in the old programme structure.

15.16 This programme covered residual costs of the relocation of CSL from a number of major sites to a purpose-built laboratory near York during 1996 and costs associated with the relocation of the CSL Norwich Food Science Laboratory which will be completed during 1999.

15.17 The residual costs now fall to programme DO:080, Management of Accommodation and Property Resources.

Veterinary Laboratories Agency (VLA)

Programme Code: EA:020

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	-5,420	-5,420	-5,420	-5,420	-5,420
of which:					
a) Current					
i) Running Costs	43,147	43,814	43,147	43,147	43,147
ii) Scheme Costs (including R&D)	18	18	18	18	18
iii) Receipts	-50,660	-51,327	-50,660	-50,660	-50,660
b) Capital (net)	2,075	2,075	2,075	2,075	2,075
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	-5,420	-5,420	-5,420	-5,420	-5,420

This was programme EA1:03 in the old programme structure.

15.18 VLA's 1997-98 Annual Report and Accounts, Annual Review and Marketing Brochure may be obtained direct from the Business Development Unit at VLA, New Haw, Addlestone, Surrey, KT15 3NB. Further information on the Agency can be obtained from web site <http://www.maff.gov.uk/aboutmaf/agency/vla>

15.19 VLA was launched as an Executive Agency on 1 October 1995. It was created as a result of a review of the Animal Health and Veterinary Group which recommended the merger of the Central Veterinary Laboratory (CVL), already an Agency since April 1990, with the network of Veterinary Investigation Centres (VICs), formerly part of the integrated Veterinary Field and Investigation Services.

15.20 VLA's purpose is to be the primary supplier of specialist veterinary advice to MAFF based on sound investigation and surveillance, laboratory testing and research. It also offers these services to other public and private sector organisations on a commercial basis. It operates a network of laboratories in England, Wales and Scotland supported by a central facility at Weybridge, Surrey.

15.21 The Agency's work on Transmissible Spongiform Encephalopathies (TSE) continued to be a top priority in 1997-98 with over 4,500 suspect cases of BSE material examined as well as over 10,800 samples of compound feed tested for the presence of rendered animal protein using an in-house ELISA. TSE research included analysis of the basic results of the specific cohort study, set up in 1989 to examine the population risk of maternal transmission, which suggested that the maternal risk for offspring of confirmed cases could be as great as 10% dependent on the stage of the incubation period at which the offspring were born.

15.22 Other important achievements throughout the year include:

- a) Development of models for Tuberculosis within badger populations, in collaboration with the Central Science Laboratory, which are now being used to evaluate possible control strategies.
- b) Identification of five auxotrophic mutant strains of *M. bovis* with one strain demonstrating an ability equalling that of BCG, the human vaccine strain for Tuberculosis, to confer protection in a laboratory model against *M. bovis* challenge.
- c) Identification of a possible candidate for use in the development of a human vaccine for influenza H5N1.
- d) Growth of spirochaetes from acute cases of foot rot, which following analysis show the organism to be identical to that thought to be involved in digital dermatitis in cattle. This discovery will have important implications for the epidemiology of both diseases.

15.23 On the business side VLA embarked on an Agency-wide change programme during 1997-98. The organisation restructured around its principal services – surveillance, research and laboratory testing as well as creating new departments, such as Laboratory Testing, Biotechnology and Pathology. The surveillance service reorganised around programmes and projects, to mirror those already in place for research, in order to provide more structured and focused delivery. In order to improve efficiency plans to rationalise services such as Biochemistry & Haematology and virus isolation, are underway.

- 15.24** The targets for 1998-99 are:
- a) recovery of full costs of the Agency,
 - b) achievement of an agreed programme of rationalisation
 - c) 85% of ROAME milestones achieved, and
 - d) achievement of laboratory accreditation for the Specific Pathogen Free Hatchery, the Brucella Biohazard Unit and the protozoology Unit.

15.25 The Agency operates on a net running cost basis and its performance is monitored by key financial and other targets. The 1997-98 targets and achievements were:

Table 15.2: VLA Performance against key targets 1997-98		
Performance Target	Target Set	Achievement
Recovery of full economic costs of Agency	100%	100%
Overall efficiency gain	3%	Not met*
R & D milestones met	85%	82.5%
Service Quality	Laboratory accreditation for: 1. Lasswade Laboratory. 2. VICs. 3. Tissue Culture Unit in Virology.	1. Deferred. 2. Four by March 1998 with the remainder by July 1998. 3. Achieved.

* – due to significant changes in pattern of work.

15.26 A Service Statement, setting out response times and avenues of complaint was first published in 1993. A revised statement following the merger between CVL and the VICs, to form VLA will be available by the end of 1998. Annual customer satisfaction surveys are carried out and the results published in the VLA Annual Report.

MAFF's Executive Agencies

15.27 In 1998-99 VLA will continue to support MAFF's aims and objectives. Internally it will continue with its change programme and develop and build on those improvements already made. The Agency will also continue with its timetable to become an Investor in People by July 1999.

Pesticides Safety Directorate (PSD) Programme Code: EA:030

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	-2,198	-2,198	-2,679	-2,771	-5,931
of which:					
a) Current					
i) Running Costs	6,467	6,467	5,986	5,894	5,728
ii) Scheme Costs (including R&D)	2,994	2,994	2,994	2,994	2,994
iii) Receipts	-11,890	-11,890	-11,890	-11,890	-11,890
b) Capital (net)	231	231	231	231	231
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	-2,198	-2,198	-2,679	-2,771	-5,931

This was programme EA1:04 in the old programme structure.

15.28 PSD's Annual Report and Accounts for 1997-98 were published on 28 August 1998. They can be obtained from The Stationery Office Bookshops, price £11.30, or from PSD, Mallard House, Kings Pool, 3 Peasholme Green, York, YO1 7PX.

15.29 The aim of PSD is to secure safe, efficient and humane methods of pest control whilst protecting the health of human beings and safeguarding the environment. This is achieved through the approval and control of agricultural pesticides. It supports MAFF's objectives of protecting public health in relation to food and to sustaining and enhancing the rural environment.

15.30 PSD is responsible for controlling the sale, supply, storage, advertisement and use of pesticides used in agricultural and related areas, implementing post-approval controls over pesticides (including reviews, monitoring and enforcement), promoting the minimisation of pesticide use and providing policy advice to the Minister on matters concerning pesticides. It receives funding from MAFF for its policy work from programme PH:040. In addition, PSD receives funding from the EU for the co-ordination of expert Working Group meetings. The balance of its receipts is received from the agrochemical industry via fees and an industry levy.

15.31 PSD was established as an Agency on 1 April 1993. It operates under gross running cost control arrangements.

15.32 The Agency met all of its high level performance targets for 1997-98 as set out below:-

Table 15.3: PSD Performance against key targets 1997-98

Performance Measure	Target	Result
Quality policy advice	Maintain high quality policy advice	Achieved
Quality science	Maintain high quality scientific work	Achieved
Processing of applications:		
- throughput	1,308	134%
- processing times	90% within target	95%
Customer Survey	Achieve satisfactory result	Achieved
IIP accreditation	Attain by October 1997	Achieved
Cost Recovery	100%	Achieved
Operate within net cash allocations		Achieved

15.33 PSD carried out a successful customer satisfaction survey which demonstrated that the Agency had made significant progress in the eyes of its stakeholders over the past two years. This included improvements in communication and better provision of information. PSD has also achieved accreditation as an Investor in People recognising the importance attached to developing the staff of the Agency in line with its objectives.

15.34 In addition the levy rate charged to industry was reduced for the fifth consecutive year.

15.35 Its key performance targets for 1998-99 are to:-

- a) deliver high quality policy advice,
- b) deliver high quality scientific work,
- c) meet a range of specific targets for delivery of the various types of application for pesticide approvals,
- d) achieve full cost recovery, and
- e) operate within the net cash allocation as agreed by MAFF's Management Board.

15.36 PSD has continued, in conjunction with the Commission and other Member States, to develop European systems with particular reference to the implementation of Directive 91/414. In partnership with the German Registration Authority (BBA), PSD has been awarded a further contract to organise Expert Working Group meetings on behalf of the Commission. PSD's work flows will continue to be influenced increasingly by the requirements of the EU regime. The Agency will also continue to deliver high quality advice to Ministers and relate effectively to stakeholders to ensure that human and environmental safety is protected when pesticides are used.

15.37 PSD is reviewing its Customer Service Statement in consultation with all its stakeholders, including consumers, environmental interests and industry. A revised version will be issued in 1999.

Veterinary Medicines Directorate (VMD)
Programme Code: EA:040

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	-631	-631	-631	-631	-631
of which:					
a) Current					
i) Running Costs	6,933	7,001	6,933	6,933	6,933
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	-7,690	-7,758	-7,690	-7,690	-7,690
b) Capital (net)	126	126	126	126	126
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	-631	-631	-631	-631	-631

This was programme EA1:05 in the old programme structure.

15.38 The VMD's Annual Report and Accounts 1997-98 was published on 28 July 1998 and can be obtained from Stationery Office Bookshops priced £15.80.

15.39 The VMD is responsible to the Agriculture and Health Ministers for the authorisation and controls on the manufacturing and marketing of veterinary medicines in the UK. In addition to these responsibilities, the Agency undertakes surveillance of suspected adverse reactions to veterinary medicines, monitors residues of veterinary medicines in meat and animal products, and provides policy advice to Ministers and support to MAFF on matters concerning veterinary medicines. Its aim is to safeguard public health, animal health and the environment and promote animal welfare.

15.40 The VMD is required by Ministers to recover the full costs of its activities from its customers. This is achieved through charges to the veterinary pharmaceutical companies applying for authorisation of their products and to slaughterhouses and other first processors of animal food

products. The cost of providing policy advice and non statutory residues surveillance is charged to the Ministry (see also programme PH:030).

15.41 In 1997-98 the VMD met six of the seven performance targets set for it by Ministers, including full recovery of its costs and its clock time targets for determining new marketing authorisations, and partly met the other.

Table 15.4: VMD Performance against key targets 1997/98		
Performance Target	Target	Achieved
Financial		
1.To recover from industry and Government the full economic cost of each of its main business activities of licensing, policy work and residue monitoring		
Cost recovery for licensing business	100%	100.2%
Cost recovery for policy business	100%	101.4%
Cost recovery for residue business	100%	104.4%
2. To operate within the net cost allocation as agreed by the MAFF Management Board.		Target achieved
Quality of Service		
3. To deliver high quality policy advice to Ministers		Target achieved
4. To deliver high quality scientific work		Target achieved
5. To determine 80% of new marketing authorisations within 120 clock day; 95% within 200 clock days.		
Applications determined within 120 clock days	80%	87%
Application determined within 200 clock days	95%	96%
6. To ensure that the first assessment of variations outstanding for more than 75 clock days on 1 April 1997 is completed by 31 October 1997 ...	100% completion	Target achieved
and that a first assessment of renewals outstanding for more than 90 days on 1 April 1997 is completed by 31 December 1997 ...	100% completion	Target achieved
and to ensure that first assessments for variations and renewals arriving after 1 April 1997 are completed within 75 and 80 days respectively.		
Variations receiving first assessment within 75 days	100%	94%
Renewals receiving first assessment within 90 days.	100%	66%
7. To meet target timescales for centralised, decentralised and MRL applications under EU procedures.	100% compliance	Target achieved

15.42 From 1 January 1998 new arrangements became obligatory in the European Union for the authorisation of veterinary medicines to be marketed in more than one EU member state. The VMD is recognised as one of the leading regulatory authorities in the EU and aims to maintain its position by improving the efficiency and quality of services provided.

15.43 There has been a continuing reduction in residues found in the VMD's large scale statutory surveillance programmes. Samples that were free from detectable residues increased to 99.5% in 1997 and the number of samples above the maximum residue limit or action level fell to 0.13%.

15.44 The VMD continued to work towards meeting the standards necessary to be recognised as an Investor in People during the year and is committed to achieving accreditation by 31 March 1999.

15.45 The VMD moved into new purpose built accommodation in October 1998, adjacent to its previous temporary offices. The costs of the new building will be recovered through charges to its customers.

15.46 The VMD is actively working with colleagues in the Joint Food Standards and Safety Group in taking forward the Government's policy to restore public confidence in food safety in the run up to the establishment of the new Food Standards Agency.

15.47 For 1998-99 the key performance targets for the VMD are:

1) Safety and Quality

- a) To enter Serious Adverse Reaction Surveillance Scheme (SARSS) reports onto the database as follows:

Human Reports	within 2 working days
Serious animal reports	within 2 working days
Non-serious animal reports	within 10 working days
- b) Report to the Veterinary Products Committee (VPC) reviewing trends in SAR reports and identifying areas requiring evaluation.
- c) To collect and analyse 95% of the samples in the national residues surveillance plan.
- d) To provide high quality policy advice to Ministers.
- e) To provide high quality scientific assessment work.

2) Standards of Service

- a) 100% compliance with timetables for Centralised and Decentralised authorisation procedures (including Maximum Residue Limits).
- b) 90% of New Marketing Authorisations to be determined or referred to VPC within 120 clock days.
- c) 100% of New Marketing Authorisations to be determined within 210 clock days.
- d) 100% of valid variation applications to have first assessment by 75 clock days and to be determined by 150 clock days.
- e) 100% of valid renewal applications to have first assessment by 90 clock days and to be determined by 180 clock days.

3) People

- a) Achieve Investors in People accreditation by 31 March 1999.

4) Financial Control

- a) To recover from industry and Government the full economic cost of each of its main business activities of;
 - I. licensing and surveillance
 - II. policy work
 - III. residue monitoring.
- b) To operate within the net cash allocations agreed for the VMD by MAFF's Management Board.

15.48 As part of the VMD's continuing commitment to improving the quality of its services to its customers, it continued to work to standards set out in its Customer Service Standard. Work commenced during the year on producing a new VMD Service Charter, which will incorporate all of the principles of the Government's new "Service First" programme.

15.49 Full details of the VMD's activities and future plans are available in its publications, i.e. Annual Report and Accounts, Annual Residues Surveillance Report, Corporate Plan, Work of the VMD brochure and the Medicines Act Veterinary Information Service (MAVIS), its quarterly newsletter. With the exception of the Annual Report and Accounts which is available from Stationery Office Bookshops, these publications can be obtained from VMD, Woodham Lane, New Haw, Addlestone, Surrey KT15 3LS or on the VMD's website at <http://www.open.gov.uk/vmd/vmdhome.htm>

Meat Hygiene Service
Programme Code: EA:050

	Planned	Estimated	Plans		
		Outturn			
£ '000	1998-99	1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	381	381	-13,181	-7,124	-7,194
of which:					
a) Current					
i) Running Costs	61,024	62,936	53,617	53,519	53,449
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	-60,736	-62,648	-66,891	-60,736	-60,736
b) Capital (net)	93	93	93	93	93
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	381	381	-13,181	-7,124	-7,194

This was programme EA1:06 in the old programme structure.

15.50 The MHS's Annual Report and Accounts for 1997/98 was published on 28 July 1998. The report can be obtained from HMSO bookshops, price £15.90, or from MHS, Foss House, Kings Pool, 1-2 Peasholme Green, York, YO1 7PX. Further details of the MHS's activities are available also in its Business and Corporate Plans. These may be obtained from the MHS.

15.51 The Meat Hygiene Service (MHS) was established as an Executive Agency on 1 April 1995 and enforces meat hygiene inspection and animal welfare at slaughter legislation in licensed fresh meat premises in Great Britain. The Agency's aim is to safeguard public health and animal welfare.

15.52 The MHS is required to recover fully the costs of providing its services from its customers. This is achieved partly through charges to industry for services undertaken by MHS inspection and veterinary staff and partly through charges to MAFF and other Agencies for work on the enforcement of Specified Risk Material (SRM) controls on cattle, sheep and goats.

15.53 The MHS continues to play a critical role in safeguarding public health. Hygiene standards in premises continue to improve. The MHS continues to implement promptly and rigorously all new legislation and Ministers' instructions.

15.54 Key performance targets for 1998/99 are:

- a) to take all measures necessary to ensure full compliance in licensed premises with the Specified Risk Material Regulations 1997 and other related statutory instruments,
- b) to provide a formal training programme in HACCP and Quality (ISO 9002),
- c) to raise HAS scores so that by the end of 1998/99, on a rolling three month average, at least 93% of licensed premises are achieving HAS scores of more than 65 and 75% of premises are achieving HAS scores of more than 70,
- d) to implement strictly the Clean Livestock Policy,
- e) to ensure a strict prohibition on faecal contamination,
- f) to publish the MHS welfare survey,
- g) to ensure full cost recovery, and
- h) to comply with cash constraints.

15.55 The MHS operates under gross running cost control and its performance is monitored by key financial and other performance targets. As in 1995/96 and 1996/97, the MHS achieved all of its performance targets in 1997/98. These are summarised as follows:

Table 15.5: MHS Performance against key targets 1997/98

Performance Measure	Target	Result
Full cost recovery (industry)	100%	100%
Full cost recovery (government)	100%	100%
To comply with cash constraints	334k	361k

15.56 In addition, the MHS met its obligation to take all measures necessary to ensure full compliance with all legislative requirements relating to specified risk material; ensured that over 90% of abattoirs achieved HAS scores of more than 65; strictly implemented the Clean Livestock Strategy; implemented a strict prohibition on carcasses showing any faecal contamination being health-marked for human consumption; provided a formal training programme in hygiene for inspection and veterinary staff, and reviewed the guidance on HAS scoring.

15.57 The Agency's Customer Service Statement sets out the level of service it will provide.

Farming And Rural Conservation Agency (FRCA)
Programme Code EA:060

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	-1,511	-1,511	-1,511	-1,511	-1,511
of which:					
a) Current					
i) Running Costs	18,781	18,781	18,781	18,781	18,781
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	-20,660	-20,660	-20,660	-20,660	-20,660
b) Capital (net)					
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	-1,511	-1,511	-1,511	-1,511	-1,511

This was programme EA1:08 in the old programme structure.

15.58 FRCA's first Annual Report and Accounts was published on 6 October 1998. Copies of this Report and the Agency's Framework Document, Business Plan and Corporate Plan are available from FRCA, Nobel House, 17 Smith Square, London SW1P 3JR.

15.59 FRCA was established as a joint MAFF/Welsh Office Executive Agency on 1 April 1997. It provides services to Government for the design, development and implementation of policies on the integration of farming and conservation, rural land use and the diversification of the rural economy.

15.60 The majority of FRCA staff have been drawn from the former ADAS Executive Agency (which was privatised on 1 April 1997) to undertake work which could not be contracted to the private sector. The Agency has a small headquarters in London and operates from a number of offices across England and Wales.

MAFF's Executive Agencies

15.61 FRCA provides professional, scientific and technical services as requested by the Government in pursuit of its statutory and policy objectives and provides intelligence and strategic policy advice to meet current and future needs. Memoranda of Understanding are agreed with MAFF customer divisions and with the Welsh Office Agricultural Department (WOAD) covering the volume and price of services to be delivered. The Agency operates under net running cost control.

15.62 In 1997/98, its first year of operation, FRCA met all its Ministerial performance targets

Table 15.6: FRCA Performance against Key Targets 1997-98

Performance Target	Target Set	Achieved
(a) to recover from Government Departments and Agencies the full economic cost (calculated according to accruals accounting) of its services	100%	100.8%
(b) to operate within the net cash allocation as agreed by the MAFF Management Board	-	achieved
(c) to deliver a 4% cost saving compared with 1996/97 baseline	4%	8%
(d) to complete 90% of work to time and within budget	90%	94%
(e) to complete 98% of work to quality standards agreed with MAFF and WOAD customers.	98%	99%

15.63 The Agency's targets for 1998/99 are:

- To recover from Government Departments and Agencies the full economic cost (calculated according to accruals accounting) of its services;
- To operate within the net cash allocation as agreed by the MAFF Management Board;
- To deliver a 3 per cent efficiency saving compared with 1997/98;
- To complete 92 per cent of work on time;
- To complete 98 per cent of work to quality standards agreed with MAFF and WOAD customers;
- To design and carry out a user and customer satisfaction survey.

15.64 FRCA has embarked upon a number of strategic initiatives which will have a major impact on the Agency's work and its staff. Challenging timetables have been set which include the following during 1999:

- a) implementation of a systematic quality monitoring, scoring and reporting procedure for a number of key business areas
- b) achievement of IIP accreditation
- c) a review of service delivery to external customers in the light of the satisfaction survey and the first year's operation of the Agency's Charter and Statement of Service Standards
- d) implementation of pay and grading arrangements.

Centre for Environment, Fisheries And Aquaculture Science (CEFAS)
Programme Code EA:070

	Planned	Estimated	Plans		
£ '000	1998-99	Outturn 1998-99	1999-00	2000-01	2001-02
Departmental Expenditure Limit (DEL)	-5,389	-5,389	-5,137	-6,039	-7,093
of which:					
a) Current					
i) Running Costs	18,952	18,982	19,204	18,302	17,248
ii) Scheme Costs (including R&D)	0	0	0	0	0
iii) Receipts	-25,816	-25,846	-25,816	-25,816	-25,816
b) Capital (net)	1,475	1,475	1,475	1,475	1,475
Annually Managed Expenditure (AME)	0	0	0	0	0
EU Receipts	0	0	0	0	0
Programme Total	-5,389	-5,389	-5,137	-6,039	-7,093

This was programme EA1:09 in the old programme structure.

15.65 The Agency's first Annual Report and Accounts was published on 1 October 1998, and can be obtained free of charge from CEFAS, Pakefield Road, Lowestoft, Suffolk NR33 0HT.

15.66 CEFAS' Aim is to be the prime source of high quality scientific support to MAFF and other customers engaged in:

- a) conservation of the aquatic environment,
- b) rational management of its natural resources,
- c) protection of the public from risks due to contaminants, and
- d) promotion of environmentally responsible aquaculture.

15.67 This includes provision of scientific information and advice on

- a) management of marine fin-fisheries and shellfisheries
- b) management of salmonid and freshwater fisheries
- c) whaling
- d) effects on the aquatic environment of activities such as disposal to sea, oil and gas exploration and exploitation, extraction of aggregates
- e) aquatic environmental quality and levels of contaminants
- f) radioactivity in environmental samples and the impacts of discharges of liquid waste from nuclear sites
- g) aquaculture and the health of fish and shellfish
- h) safety for human consumers of fish and shellfish products

The Agency is also involved in research and development to underpin these activities, and carries out regulatory duties related to licensing of deposits at sea, and to fish health legislation.

15.68 In 1998/99, 87% of the Agency's work was undertaken for MAFF. The remaining 13% of income was derived from other UK government departments, overseas governments, the EU, and a variety of private sector organisations. It is anticipated that the proportion of income from these sources will increase to 21% over the next 5 years. CEFAS operates currently under gross running cost control, but is considering moving to net control within two to three years.

15.69 CEFAS was launched as an Agency on 1 April 1997. Reviews of organisation and management structure were completed and implemented during the past year, and the financial systems are now being redeveloped to fulfil the Agency's accounting obligations, and to provide robust and reliable support for managers. A review of Pay and Grading arrangements is underway, directed at providing improvements to performance appraisal, career progression and rewards. It is due to report in mid-1999.

15.70 The Comprehensive Spending Review included a commitment of funding for a new fisheries research vessel, which will replace the two vessels currently operated by CEFAS, one of which is near the end of its operational life. Design work is underway, and shipbuilders will be appointed during 1999-2000. The new ship is scheduled to be brought into service for fishing surveys, environmental monitoring and research studies in mid-2002.

15.71 A review was initiated in 1997 to consider the utilisation of CEFAS's four main laboratory sites. In July 1998 it was decided to transfer the work carried out at the Conwy laboratory in North Wales to CEFAS's sites at Weymouth and Lowestoft. This will eliminate unused capacity and bring together all the Agency's work on aquaculture at a single centre. The transfer is planned to be complete by December 1999.

15.72 During 1998/99, CEFAS participated in events organised as part of the UNESCO International Year of the Ocean and hosted a major international symposium in Viruses in Lower Vertebrates. Progress in research on the effects of chemical contaminants led to the establishment of a large multi-agency research programme on marine oestrogens, managed by CEFAS. The CEFAS Weymouth Laboratory was nominated as the EU Reference Laboratory for microbiological safety of shellfish. CEFAS scientists contributed to studies following the Sea Empress oil-spill of 1996, and collaborated with Scottish Office scientists in responding to an outbreak of Infectious Salmon Anaemia. The annual research vessel programme provided data for assessment of marine fish stocks, contributed to the National Marine Monitoring Programme, and generated research results in studies of fish biology, environmental impacts of fishing, and automated technology for marine measurements.

15.73 CEFAS has made a commitment to achieve the Investors in People standard by March 2000.

15.74 Performance against the agency's key targets in 1997/98 is summarised in Table 15.7.

Table 15.7: CEFAS Performance against Key Targets 1997/98

Performance Measure	Target	Result
Cost recovery	100 %	104 %
Compliance with budgetary controls	Operate within agreed net cash allocation	Achieved
Efficiency savings	25 % reduction in the cost of operating research vessels (£400k pay, £160k running costs)	Achieved (£380k pay, £282k running costs)
Customer satisfaction	Overall satisfaction of customers with the relevance, timeliness and value for money of outputs	Achieved
	Achievement of R&D milestones	82% of milestones were completed; of the remainder, 88% had acceptable reasons for non-achievement
Quality of Science	Assessment of high quality by independent experts	Achieved

15.75 CEFAS Performance Targets for 1998/99 are:

- a) Financial Targets;
To recover from Government Departments and Agencies and external customers the full economic costs (calculated according to accruals accounting) of its services,
To operate within the net cash allocation agreed by the MAFF Management Board
- b) Efficiency Gains;
To achieve savings of £200k, as forecast in the Efficiency Plan
- c) Delivery of Service;
To give satisfaction to customers in the way that outputs are provided taking account of the relevance, timeliness and value for money of outputs and the achievement of ROAME milestones
- d) Quality of Science;
To maintain a high standard of excellence, based on indicators of scientific and technical quality.

ADAS

Programme Code EA 1:01

15.76 Following the privatisation of ADAS on 1 April 1997 this programme was closed.

15.77 The ADAS 1996/97 Annual Report and Accounts will be published following finalisation of accounting work relating to the privatisation.

the Intervention Board

the Intervention Board

Mission statement and aim

The overall purpose of IB is set out in its Mission Statement which is:
The Agency will fund, account for and operate aspects of the European Community's Common Agricultural Policy in the UK, giving value for money to UK and EU taxpayers and a quality service to our customers.

IB's published aim is:
To operate the Common Agricultural Policy Guarantee Section within the UK as economically, efficiently and effectively as possible in accordance with the policies laid down by Agriculture Ministers.

CAP Market Support and Administration Costs						
£'000		Planned	Estimated Outturn	Plans		
		1998-99	1998-99	1999-00	2000-01	2001-02
ANNUALLY MANAGED EXPENDITURE (AME)		2,617,388	2,827,871	2,406,350	2,682,148	2,877,730
CAP Market Support programme expenditure – non BSE						
of which	IB	475,183	589,636	498,908	466,875	454,119
	Other UK Paying Agencies*	2,142,205	2,238,235	1,907,442	2,215,273	2,423,611
Receipts from EU		-2,566,543	-2,744,050	-2,347,819	-2,638,847	-2,844,610
DEPARTMENTAL EXPENDITURE LIMIT (DEL)		590,739	465,174	436,400	417,069	412,069
CAP Market Support programme expenditure – BSE						
of which	IB	590,739	463,402	436,399	417,069	412,069
	Other UK Paying Agencies*	0	1,772	1	0	0
Receipts from EU		-367,000	-274,410	-269,000	-264,000	-264,000
IB Administration Expenditure						
Gross Running Costs		60,349	74,188	69,757	69,716	69,649
Capital		1,938	3,599	1,938	1,960	1,938
Appropriations-in-Aid receipts		-3,309	-6,499	-5,556	-4,162	-4,073
Net Administration Costs		58,978	71,288	66,139	67,514	67,514
of which	net BSE increase	13,087	25,397	21,649	21,649	21,649
Consolidated Fund Extra Receipts		-50	-50	-50	-50	-50

* Other UK Paying Agencies: MAFF, WOAD, SOAEFD, DANI, Forestry Commission, Countryside Council for Wales.

Introduction and Objectives

16.1 The Intervention Board (IB) is an Executive Agency and is the UK Government Department responsible for receiving and accounting for the European Union's Common Agricultural Policy (CAP) Guarantee Funds. As well as being the UK funding agency, IB is one of seven UK paying agencies

the Intervention Board

accredited to implement the various CAP Guarantee schemes which regulate the market in agricultural products. It is also the UK Co-ordinating Body responsible for distributing EU texts and guidelines to the other UK paying agencies, promoting their harmonised application and communicating all UK paying agencies' EAGGF accounts and supporting information to the Commission.

16.2 As a paying agency, IB's main work continues to be the provision of price support for food producers, processors and traders, and includes the buying, storing and sales of intervention products, issuing and monitoring of import and export licences and also supporting a wide range of agricultural products. The implementation of those remaining measures introduced because of Bovine Spongiform Encephalopathy continues to demand substantial resources both in terms of IB's administration and programme expenditure.

16.3 IB's objectives were revised during the Comprehensive Spending Review. They are:

- a) to operate all IB schemes in accordance with the regulations,
- b) to account accurately and in good time to the European Commission, European Court of Auditors, UK Parliament and Exchequer for CAP expenditure,
- c) to detect and deter fraud, irregularities and abuse and to operate a range of controls and checks compliant with regulations, and
- d) to co-ordinate effectively the operations and funding in respect of the UK paying agencies.

In delivering these objectives, IB's overall principles and approach will be:

To manage and develop our staff effectively and fairly within IIP standards and to provide enhanced opportunity and a suitable, safe and healthy environment, so as to enable them to meet all the above objectives, in the most cost efficient and operationally effective manner. To aim at all times to deliver a service to customers achieving IB standards laid down in Service First.

16.4 IB has eight key performance targets which have been reviewed annually with the Treasury and endorsed by Ministers. These are included in IB's Annual Report and Accounts together with information on capital assets. IB's longer term strategic objectives and the means of progressing towards them are set out in IB's Corporate Plan 1998-99 to 2002-03. Copies of both the Corporate Plan and the Annual Report and Accounts are held in the

the Intervention Board

libraries of both Houses of Parliament. Copies of the Corporate Plan are available free of charge from the Corporate Communications Unit, Intervention Board, Kings House, Kings Road, Reading RG1 3BU. The Annual Report may be purchased from Stationery Office Bookshops.

Public Service Agreement

16.5 IB's Public Service Agreement (PSA) is reproduced in Chapter 1. It sets out details of the resources provided to IB under its Departmental Expenditure Limit (DEL) and its Annually Managed Expenditure (AME). It describes the targets and measures by which the achievements and outcomes of IB through to 31 March 2002 are to be assessed; IB's goals for improved service delivery and increased efficiency and public sector productivity, and the initiatives to be employed to deliver these improvements. These include use of the European Business Excellence Model, the review of procurement policy in the light of the CSR Review of Civil Procurement Efficiency, a study of the options for delivery of field and technical services, enhancement of its anti-fraud work and co-ordinating role as well as its management of sickness absence.

Departmental Investment Strategy

16.6 Most of IB's capital expenditure is in connection with the purchase of commodities into intervention. It is recognised that this is mandatory and demand led. This expenditure is within IB's AME and is not required to be included in the Departmental Investment Strategy (DIS). For strategic and operational reasons, IB has eight government owned storage sites. These provide specialised grain storage, dry warehousing and limited cold storage capacity. Their continued retention was reviewed under the CSR. Projected levels of intervention activity are such that the stores are expected to continue to be heavily utilised. IB is, however, to undertake a further review of the potential for the disposal or letting of these stores towards the end of 1999-00.

16.7 IB has a modest budget covering its capital requirements for the supply of Information Technology and communications related goods and services. Current and projected funding is planned to maintain an IT strategy sufficiently flexible to meet ongoing and emerging business needs. IB will contribute significantly towards the Prime Minister's target, set in October 1997, that "within five years 25% of dealings with government can be done by a member of the public through their telephone, TV or computer". It will complete the roll-out of a new IT infrastructure and give all staff access to

the Intervention Board

modern office systems and a Corporate Electronic Library. IB will achieve full Year 2000 compliance on all its systems and develop further its Integrated Accounting System to meet changes arising from Resource Accounting and Budgeting.

16.8 All significant proposals for expenditure (capital and current) are supported by an appropriate business case, which includes an assessment of the options, benefits and risks and an investment appraisal. The process is in line with Treasury's "Economic Appraisal in Central Government - A technical guide for Government Departments". It includes a discounted cash flow and the calculation of net present value at a discount rate of 6%. Finance Division provides accountancy expertise to assist with the investment appraisal and peer review of the business case. The selection of projects/solutions rests with appropriate groups and managers who have the budgets delegated to them and the responsibility for planning within IB's overall policy and business strategy. This provides a budgetary control framework which ensures that expenditure is appraised at the right level and by the right body with the correct vigour depending on the level and type of expenditure. Procurement is undertaken through competitive tendering. Evaluation of projects include the extent to which they meet their business objectives and benefits, the management of the project, the costs against budget and the lessons to be fed back to the decision making process. On an ongoing basis appraisal and evaluation is further supported through reviews that provide risk management and quality and internal audits.

Finance and Accounting

16.9 IB's vote (Class IV Vote 1 of the Supply Estimate in 1998-99 and Class X Vote 1 in 1999-00) provides funding for both programme and administration expenditure. Annually Managed Expenditure covers non-BSE related CAP programmes and is largely re-imbursed by the EU. BSE related CAP programme expenditure which is partly EU funded is subject to the Departmental Expenditure Limit. Administration expenditure on both non-BSE and BSE related work is also subject to DEL and is Exchequer funded. It is also cash limited and subject to separate running cost controls. Details of the expenditure and forecasts are set out in Annexes 1 and 3.

16.10 There was a £298m (10.8%) reduction in non-BSE related programme expenditure in 1997-98 over 1996-97. Sterling's continued strength on the foreign exchanges resulted in a number of £green revaluations. Other factors which impacted on IB's reduced expenditure requirements included significant decreases in Beef Special and Suckler Cow

the Intervention Board

Premiums and the Sheep Annual Premium Scheme administered by the Agriculture Departments. Additionally, decreases in the milk sector arose through reduced intervention activity. The current forecasts for the CSR period put overall non-BSE programme expenditure at £2,406m, £2,682m and £2,878m. These latest forecasts reflect two £green devaluations that took place in October 1998, and a number of other estimating changes. They do not make any provision for the payment of compensation arising from the implementation of new Agrimonetary arrangements. However, they do include for 2000-01 to 2001-02 an early assessment of the likely cost of implementing Agenda 2000. This is a package of reforms aimed at shifting support from the market support schemes to the direct payment schemes.

16.11 BSE related programme expenditure falling on the IB Vote amounted to £861m in 1997-98. This represents a reduction over 1996-97 of almost 35%, and reflects the stabilisation of the Over Thirty Months Scheme. In 1998-99 current forecasts suggest that BSE expenditure will reduce further to around £465m. In the CSR period this trend is expected to continue. As schemes further stabilise and some end the forecast expenditure is £436m, £417m, £412m.

16.12 Administration expenditure in 1997-98 amounted to £63.5m. This represented an increase of £5.4m (+9%) over 1996-97. This expenditure covers IB's running costs, capital expenditure requirements and the use of agents to provide the essential control and regulatory compliance in the field. BSE related administration expenditure in 1997-98 amounted to £22m. Current forecasts of overall administration expenditure in 1998-99 show a requirement of around £71.3m. The continuing high levels of work remaining in connection with BSE are expected to account for around £25.4m of this total. The use of agents represents around 27% of IB's total administration costs for 1998-99. The provision of £66.1m/£67.5m/£67.5m secured throughout the CSR period represents reductions in cash terms of -7.4%/ -5.5%/-5.5% against 1998-99. Activity levels on BSE related work are forecast to decline, but careful planning by IB's senior management team is expected to ensure that IB remains within the CSR settlement and continues to deliver all business outputs to target.

16.13 Some of the problems identified in last year's Departmental Report, following the introduction of the new Integrated Accounting System, continued into 1998-99. In order to address these problems, IB increased the number of professionally qualified accountants employed on the production of its accounts and supporting systems and restructured its

Finance Division. It also recruited additional accounting staff on short-term contracts to reconcile the sets of books it is required to maintain. As a result of this work IB was able to achieve an unqualified audit certificate for both the 1997-98 Appropriation and Agency accounts.

16.14 Work continued on a number of developments connected with the introduction of Resource Accounting and Budgeting. These include:

- a) output and performance measurement systems,
- b) participation in the Treasury's cash management pilot scheme,
- c) preparation of resource based estimates, and
- d) production of a Departmental Resource Accounts Manual
(including examples of illustrative accounts).

A "dry run" set of Resource Accounts will be produced for the year 1998-99, together with a "dry run" Operating and Performance Analysis statement. Treasury granted Stage 1 clearance to IB in December 1998 following improvements in accounting procedures and controls and the certification of a Millennium upgrade path for the Oracle Financials system.

the Intervention Board

PAC Recommendations

16.15 The PAC were highly critical of IB's failures in accounting and systems management which resulted in qualification of the 1996-97 Appropriation Account. In response to these criticisms, IB took urgent action to complete outstanding reconciliations and to ensure that appropriate skills were acquired by the staff involved in the production of the accounts as noted in paragraph 16.13.

16.16 On 8 July 1998, the Comptroller and Auditor General published a report to the Committee of Public Accounts entitled "BSE: The Cost of a Crisis". This report examined actions taken by the previous Government (essentially those of the Agriculture Departments and IB) in the twelve months or so following the announcement on 20 March 1996 of a possible link between Bovine Spongiform Encephalopathy (BSE) and new variant Creutzfeldt Jacob's Disease (CJD). While the report identifies a number of areas in which the costs of the measures taken to deal with the crisis might have been less, if time had allowed a different approach to their introduction, its view of the activities of the Agriculture Departments and IB is generally favourable. The Committee of Public Accounts held a hearing on this subject on 30 November 1998, when the MAFF Permanent Secretary and the IB's Chief Executive appeared before them. The PAC's report on the subject had not been published when this Departmental Report went to print.

Audit Committee

16.17 The Committee maintained a close interest in the financial propriety and adherence to standards of IB's financial transactions and reports, especially in the context of the problems being experienced with the Integrated Accounting System and the qualification of the 1996-97 Appropriation Account.

Harmonisation/Accreditation

16.18 IB, in its role as the UK Co-ordinating Body, continued to promote the harmonised application of EU texts and guidelines within and across the 7 UK paying agencies. IB strengthened its commitment to harmonisation of CAP scheme control through the adoption of the previously independent Other Government Department (OGD) Conference as a working group of the Harmonisation Committee responsible for accounting and finance matters in addition to its existing responsibility for scheme compliance controls. The Harmonisation Committee considered the Euro, Commission guidelines on IT Security and a common approach to risk assessment. Following the 1997

the Intervention Board

clearance of accounts, the Committee reported to Ministers (the Competent Authority) via the Board as UK Co-ordinating Body, on corrective action taken in response to recommendations from the EU Commission and the UK Certifying Body.

16.19 Issues for the future years concern the impact of recently issued Commission guidance for Certifying Bodies (in particular on intervention stocks, debtors ledger and delegated functions) and the implementation of new procedures for the monitoring of corrective action arising from external audit reports. The Committee maintained liaison with the Inter-Departmental Audit Group on matters of mutual interest – in particular, guidance from the Commission on the role of Certifying Bodies and Internal Audit Services.

16.20 During the UK presidency, IB hosted the fourth conference of Directors of EU paying agencies in Cumbria, the conference focused on control measures for livestock schemes and IB also represented the UK at the fifth conference in Vienna.

Scheme Control Monitoring Group (SCMG)

16.21 SCMG responded to increased accreditation demands, by adopting a strategic approach to development of scheme controls based on agreed risks and priorities for corrective action. Scheme managers expanded and developed the use of a standard risk assessment model, based on improved IT systems for gathering and analysis of control and claim-based information. The availability and use of comprehensive checklists was reviewed and progress was maintained in the programme for standardising scheme control plans.

16.22 Scheme Managers will give priority to maintaining IB's accreditation and the avoidance of disallowance, based on procedures agreed in 1998 for monitoring, managing and reporting progress on corrective action recommended by the Commission, Certifying Body and Internal Audit. Particular issues for future attention include;

- a) the implementation of an agreed response to the Commission's guidelines on IT Security, and
- b) the review and renewal of arrangements with delegated agents, as part of a staged programme agreed with the Commission for ensuring compliance with accreditation requirements.

the Intervention Board

Scheme Activities – External Market

16.23 The export ban on UK beef had an impact on external trade work. Although the introduction of the Export Certified Herd Scheme effectively lifted the ban on exports of beef from cattle reared in Northern Ireland in June 1998 no exports to third countries have taken place as yet. No exports from the rest of the UK will be permissible until the controls under the Date Based Export Scheme have undergone detailed examination by the Commission.

16.24 Overall, however, the receipt of export refund claim lines increased. This was largely due to a new contractor taking on the supply of NAAFI shops within the EU, and choosing to export the majority of their goods from the UK. The receipt of an additional 5,000 claim lines per week has led to an expansion of the relevant processing team.

16.25 In the **processed goods** sector, the introduction of measures for the control of export refunds to allow for monitoring against World Trade Organisation (WTO) agreements is still awaited. However, it is expected that procedures will be in place before the end of 1999.

16.26 The completion of the rationalisation of the Claims Data Processing System brought dual benefits. Not only are maintenance costs expected to fall, but the increased efficiency has been a contributory factor to a reduction in the target for claim line processing within Operations Newcastle from 14 days to 12, with effect from 1 April 1999.

Scheme Activities – Internal Market

Intervention

16.27 Offers of **cereals** into intervention during the 1997-98 season were significantly higher than forecast with 1.2 million tonnes of barley offered together with much smaller quantities of rye and common wheat. As well as the 8 government-owned stores, 39 commercial stores were contracted to give a total space capacity of just over 1.3 million tonnes.

16.28 Following the successful sale in September 1998 of 300,000 tonnes of intervention barley, for export to non member countries, the European Commission agreed that a further 300,000 tonnes of UK barley should be put up for sale in October 1998, and a further 300,000 tonnes in December 1998.

16.29 Estimates for the 1998-99 purchasing season lie between 100,000 and 250,000 tonnes of barley so sales and purchasing will run concurrently.

16.30 The buying of **beef** into intervention, which resumed in April 1996, continued up to the end of May 1998; no buying took place in the period June to September 1998 but resumed in October. Some stocks of intervention beef were released for the Surplus Food Scheme. The ban on UK exports of beef remains, but some 16,000 tonnes of intervention beef stocks were released during 1998 essentially for home market processing.

16.31 Intervention buying of **Skimmed Milk Powder (SMP)** continued throughout the 1998 offer period (March – August), the 31,000 tonnes purchased was an increase of 62% over the 1997 total. Although stock was available for sale no bids were received.

16.32 No purchases of intervention **butter** took place as the market price remained firm at levels above the trigger price. Around 1,300 tonnes of intervention butter was sold under the Butter for Manufacture Scheme up to October 1998, reducing UK stocks to around 700 tonnes.

Fruit and vegetables

16.33 IB implemented arrangements resulting from reform of the fruit and vegetables regime. This included introduction of the producer organisations' operational programmes scheme, worth about £5.7m in 1997-98 to UK growers.

Milk Quotas

16.34 There was a slight reduction in the number of milk quota movement forms received compared to recent years, but the volume of quota moved reached its highest-ever level, maintaining the year-on-year upward trend. Provisional milk levy of £32.1m was charged on over-production in 1997-98, an increase of some £18.1m on the final figure for the previous year.

Other Schemes

16.35 Activity on other non-BSE schemes was at predicted levels, in line with that of previous years. However, EU requirements to meet paying agency accreditation standards led to greater staff resources going into scheme control activity.

the Intervention Board

BSE Schemes

The Over Thirty Month Scheme (OTMS)

16.36 Following a review, the existing contracts for the slaughter of OTMS cattle, awarded in July 1997, were extended for a further year, on the same terms. The extension provided an opportunity to clarify a number of contractual issues with the abattoirs, including standardising on-site weighing procedures and tightening the rules on the sourcing of cattle. In addition, the amount of slaughtering capacity contracted was reduced by around 4%, in line with the latest forecasts of throughput.

16.37 In April 1998, a system was introduced to regulate and monitor throughput of carcase incinerators contracted to IB, to ensure that IB and the Agriculture Departments do not consign BSE suspects and OTMS cadavers to incinerators in excess of the number that the plants are authorised to process.

16.38 Two new carcase incinerators were contracted by IB for OTMS casualty animals, thereby increasing the capacity available to the scheme to around 2,000 cadavers/week. In addition, five incinerators are processing OTMS material directly from scheme abattoirs. These facilities have been built and commenced operations following a tender held by IB in 1996. Between them, these facilities are able to process around 2,500 animals a week.

16.39 IB has an existing contract with a high temperature waste incinerator to burn up to 45,000 tonnes of MBM. By 31 October 1998, some 18,000 tonnes had been burned under this contract.

16.40 The development of large scale disposal outlets for OTMS MBM is a key activity for the IB. In January 1998, eight companies with a track record in combustion, or in the handling of MBM, were invited to submit costed proposals for the large scale incineration of MBM under the negotiated procedure of the EU Services Directive. Seven companies responded with detailed proposals which were evaluated against criteria which included energy recovery, appropriate technology, early deliverability, high volumes and reasonable costs. Out of this process, the award of the first contract was announced in October 1998 to a plant in North Lincolnshire which was already producing electricity from poultry litter. The contract covers the incineration of at least 255,000 tonnes of MBM over a minimum period of 3 years. Before burning can commence the plant will need to obtain the

necessary planning and operating consents, but if these can be secured at the first attempt, burning is scheduled to start in early summer 1999.

16.41 Negotiations with a short list of other potential suppliers about meeting the balance of its requirement for MBM disposal is continuing. However, as most of the proposals involve the construction of new plant (rather than the conversion of existing plant) they will have a longer lead-in time.

16.42 Quantities of OTMS and Selective Cull Scheme (SCS) tallow are being sold to renderers for burning as a replacement fuel. In the period up to 30 September 1998, some 13,415 tonnes of tallow were sold.

16.43 Storage of waste MBM and tallow is subject to the requirements of the Waste Management Licensing Regulations under Part II of the Environmental Protection Act 1990, enforcement of which is the responsibility of the Environment Agency in England and Wales, and the equivalent bodies elsewhere in the UK. OTMS MBM is stored at 13 locations (7 in England, 2 in Scotland and 4 in NI), and tallow at 3 sites in England. In order to meet expected future requirements a continuous programme of identifying and assessing storage locations is in place.

Selective Cull Scheme (SCS)

16.44 The SCS is now virtually complete. The number of animals notified by the Agriculture Departments for slaughter fell steadily in 1998 and only 7,112 cattle were slaughtered under the scheme in the period up to 30 November 1998. In total, some 75,000 SCS cattle have been slaughtered since the scheme started in February 1997, and some £121m is expected to have been paid by 31 March 1999.

Calf Processing Aid Scheme (CPAS)

16.45 615,186 calves were processed in 1997-98 (compared with 540,536 in 1996-97), and 309,153 in the six months from April to September 1998. Expenditure in 1997-98 was £53.3m, and expenditure in 1998-99 is expected to amount to approximately £48.8m.

the Intervention Board

OTMS and SCS Key Statistics

Scheme	Over Thirty Months	Selective Cull
April 96-30 Nov 1998		
Total	2,803,347	75,467
Rendered	2,566,263	72,548
Incinerated	237,084	2,919
1 April 98-30 Nov 1998		
Total	579,552	7,153
Rendered	474,039	6,130
Incinerated	105,513	1,023
Meat and Bone Meal		
Tonnes	362,739	9,780
Number of stores	13	1
Tallow		
Tonnes	187,217	0
Number of stores	3	0
Collection Centres (Number)		
Abattoirs	29	29
Incinerators	15	15
Liveweight Markets	171	N/A

Control – Anti Fraud Unit

16.46 The Anti Fraud Unit (AFU) undertook an active programme of scrutiny visits and continued to fulfill its obligations under Council Regulation (EU) 4045/89. Included in the programme were a number of large multi-national company audits as well as special projects on the operation of cargo superintendents and the administration of the malt trade in the UK. A number of Mutual Assistance visits were undertaken at the request of other Member States. An increasing number of visits were made to key third parties. Investigation became more intelligence-led and resources better targeted with the introduction of a more formal system to assess, prioritise and monitor cases. The EU is very keen to see more co-ordination and co-operation in the fight against fraud, especially at working level, and the AFU continues to play an active role in joint exercises and working groups.

Performance Against Targets

16.47 In 1997-98 IB met five of its eight key targets. Full details are set out in Table 16.1. The targets for accuracy of claims processing, avoidance of an excess vote, disallowance, procurement savings and the yield/cost ratio of anti-fraud activities were met.

16.48 The processing of claims within deadlines, at 91.5%, fell short of the target of 99.0%; however performance in this area was severely affected by the extraordinarily high volume of work under the BSE-related schemes which accounted for considerably more than half of the total IB output. The outturn figure reflects performance for the whole of 1997-98, but towards the end of the year payment timeliness under those schemes was very close to target. The targets for efficiency gains and productivity were not met. A large number of additional staff were employed on OTMS work outstanding from 1996-97, which had a considerable impact on efficiency and productivity.

the Intervention Board

Table 16.1: Intervention Board performance against key targets

	1993-94		1994-95		1995-96		1996-97		1997-98		1998-99
	target	outturn	target	outturn	target	outturn	target	outturn	target	*outturn (inc. BSE)	target
Key Performance Measures											
% of claims processed within deadline	98.0	99.9	98.5	99.9	98.5	99.9	99.0	85.0	99.0	91.5	99.0
% of claims processed correctly	98.5	98.8	98.5	98.7	98.5	99.2	98.5	99.5	98.5	99.6	98.5
Running cost efficiency gains – %	2.5	4.6	2.5	3.6	2.5	3.3	2.5	5.3	2.5	0.4	2.5
Improvement in productivity index – %	5.0	8.0	6.0	–0.5	6.0	3.9	6.0	3.0	6.0	–3.7	4.0
Ratio of disallowance to EAGGF funds handled – %	<0.40	0.03	<0.40	(a) 0.51	<0.40	(a) 0.19	<0.40	0.13	<0.40	0.06	<0.40
Keep within vote, cash & running cost limits	–	Met	–	Met	–	Met	–	Met	–	Met	–
New VFM savings in procurement – %	5.0	6.5	5.0	6.7	6.0	8.8	6.0	6.8	6.5	11.0	7.0
Yield/cost ratio of anti-fraud activities (b)	3.0:1	3.2:1	3.0:1	2.6:1	3.0:1	3.7:1	3.0:1	1.2:1	3.0:1	5.8:1	3.0:1

*audited outturn for 1997-98, though still subject to final clearance.

(a) Results for 1994-95 reflect final Commission Decision for clearance of 1992 EAGGF accounts, results for 1995-96 reflect final Commission Decision for clearance of 1993 EAGGF accounts, and results for 1996-97 reflect final Commission Decision for clearance of 1994 accounts. An appeal has been lodged with the ECJ which, if successful, would reduce the 1994-95 result to 0.32% and the 1995-96 result to 0.00%.A reduction is also forecast for 1996-97 as a result of an appeal to the Conciliation Body.

(b) Yield represents the total financial correction revealed by anti-fraud activities, i.e. the total of recoveries from, and additional payments to, traders.

Table 16.2: Intervention Board running costs, output and productivity

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-1999	1999-2000	2000-01	2001-02
	Outturn	Outturn	Outturn	Outturn	Actual	Forecast	CSR		
Gross Running Cost 1,2,3 +	£30.1m	£29.8m	£29.8m	£35,577,000	£40,088,531	£48,159,000	£47,225,000	£49,323,000	£50,414,000
Total manpower 4	985	1,018	975	1,125	1,279	1,418	1,320	1,316	1,315
Aggregate Output 5	*	*	*	*	5,664,271	6,780,999	5,469,792	5,388,254	5,273,945
Output index	112	113	112	133	146	175	141	139	136
Productivity 6	*	*	*	*	4,428	4,782	4,414	4,094	4,011
Productivity index	119	118	123	126	122	131	114	112	110

1989-90 represents the baseline year for indices.

1. Running costs exclude VAT recoveries.

2. One-off costs of relocation, early departure costs, certain IT projects and estate rationalisation and dilapidation costs are excluded.

3. Superannuation costs are included in all years.

+ excluding costs of agents

4. Total manpower includes overtime and casuals.

5. Aggregate output is based on unit of work to process one export claim line.

6. Productivity is Aggregate Output/Total Manpower.

PFI/PPP and Wider Market Activities

16.49 IB has no significant proposals for PFI/PPP or for further wider market projects. The functions of IB are highly regulated by EU legislation, and may well change in the light of the current Agenda 2000 proposals on CAP reform. Already, over 80% of the IB's administrative and intervention ancillary costs are contracted out. IB is to undertake a further Prior Options review and the extent to which its business needs might be better delivered through public/private partnerships and asset disposal/rationalisation will feature in that review. Whilst it will also continue to seek opportunities to generate revenue through the sub-letting of unoccupied space at its stores, there is little likelihood of extending charging. There is no provision for charging within EU regulations and IB cannot charge for a service which it is under a legal obligation to provide.

Performance in Paying Bills

16.50 IB is complying with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890); performance in paying bills is one of its primary internal indicators and results have been published in the Annual Report and Accounts since 1993-94. In 1997-98 payments were made on time in 96.8% of cases against the IB target of

the Intervention Board

98.5%. While not meeting its own target in this area, IB nevertheless bettered the Government's target of 95%.

16.51 IB's policy is to pay invoices in accordance with the agreed contractual conditions or, where no such conditions exist, within 30 days of the receipt of the goods and services or the presentation of a valid invoice, whichever is the later. In October 1998, IB committed itself to supporting the CBI's Better Payment Practice Campaign.

Better Regulation

16.52 IB adheres to the principles of the Enforcement Concordat drawn up by the Cabinet Office Better Regulation Unit, and will be incorporating these when it reissues its Charter, known as the *Customer's Guide to the Intervention Board*.

Service First

16.53 IB does not deal directly with the public, but nevertheless is committed to maintaining a good service to its customers. Initiatives designed to ensure this include:

- a) trade consultation group meetings for each major customer area;
- b) a Customer's Guide, which also appears on IB's home page on the Internet;
- c) regular customer satisfaction surveys; and
- d) provision of helplines open from 8.30 am to 5.00 pm in all the major areas; details of these can be found on page 374.

16.54 IB is committed to the six service standards for Central Government. It monitored its correspondence handling in 1997-98 and was able to report to the Cabinet Office that 84.6% of items received a reply within its target time of 10 working days.

16.55 Against the other standards, IB ensures that visitors to its premises are seen promptly; that customers are regularly consulted through meetings and surveys; that telephone helplines are provided in all major operational areas; and that a Customer Care Manager is in place to deal with complaints. It is developing its Welsh Language Scheme to make its forms and publications available in both languages where required.

16.56 IB received 104 Ministers' Correspondence and 88 Chief Executive's Correspondence. Of these, 96% of Ministers' Correspondence and 91% of Chief Executive's Correspondence were answered within deadline.

Pay and Grading

16.57 The Cabinet Office endorsed IB's conclusion that no specific changes were required to its current grading system.

Business Excellence

16.58 IB has undertaken its second self-assessment against the Business Excellence Model and the findings have been fed into the Corporate Plan. Process improvement has been piloted in six areas of IB and will form the bedrock of its improvement action.

Computer Services

16.59 IB is committed to contributing to the Prime Minister's target for 25% of government services to be available electronically by 2002. IB has an Internet site on the Open Government server which provides details of all the schemes run and forms used as well as other information useful to customers. A number of pilot projects are in place or under development to allow the electronic submission of claims and requests for CAP export licences. IB is working with other parts of Government, including HM Customs and Excise, to provide a more integrated electronic service.

16.60 IB has applied for connection to the Government Secure Intranet (GSI) and is hoping have the connection in place in January 1999.

16.61 IB has had a Year 2000 compliance programme in place since 1996. Many business applications are now Year 2000 compliant and the upgrade to the Integrated Accounting System is now underway after some earlier delays. For all business critical computer systems IB intends to be fully Year 2000 compliant by the end of June 1999. IB's business continuity plan is being extended to incorporate Year 2000 aspects.

16.62 Other business critical operations, which may rely on embedded systems, are also being assessed. In some cases assurances have been received that they are compliant. Where there is any doubt about whether or not they are compliant, the risks are being assessed according to the impact non-compliance will have on IB's business and appropriate action will be taken.

the Intervention Board

Equal Opportunities

16.63 IB is committed to equal opportunities for all its staff. An updated version of the Programme for Action for Women and the revised Equal Opportunities Complaints Procedures were both published internally in March 1998. The Programme for Action for Ethnic Minorities is currently being updated. Ethnic minority origin staff account for 6.6% of IB's total staff. The number of disabled staff is 11.64% which is significantly higher than the average for the Civil Service. IB has one female member on its Management Group, equating to 20% of staff in the Senior Civil grades within IB. A programme of mandatory equal opportunities training for all staff has been running from the Autumn of 1998 and continues throughout 1999.

Environment

16.64 IB is responsible for large stocks of waste meat and bone meal (MBM) and tallow produced from the rendering of cattle presented for slaughter under the Over Thirty Month Scheme (OTMS). The material is being safely and securely stored in rented warehouses, pending destruction. Storage is subject to the requirements of the Waste Management Regulations 1994, which are enforced by the Environment Agency (EA) in England and Wales, and the equivalent bodies in Scotland and Northern Ireland. IB works closely with the EA in terms of operations at existing storage sites, and in identifying new sites to meet future demand.

16.65 The Government is committed to finding large scale disposal solutions for waste products from the OTMS which take full account of the need to protect human and environmental health. Incineration with energy recovery is the preferred destruction route and the award of the first such contract, to Fibrogen Ltd, was announced by IB in October 1998. An existing contract to burn MBM in a high temperature waste incinerator has been in place for two years. Negotiations with other potential service providers about meeting the balance of the requirement are continuing, but in every case burning is subject to the companies obtaining the necessary planning and environmental consents. Companies operating incineration facilities are subject to continuing regulation under the Environmental Protection Act 1990, either by the EA or the relevant local authority.

16.66 IB is continuing to rationalise its Reading estate into modern and efficient buildings.

the Intervention Board

16.67 In the area of waste disposal IB continues to participate in recycling schemes for white paper, cardboard, cans, glass, confidential waste and photocopier/printer toner cartridges. Mechanical compactors continue to be used for general refuse at all IB's main buildings, reducing the cost of waste collection.

Recruitment

16.68 IB complies with the Civil Service Commissioners' Code and operates within principles of fair and open competition and selection on merit, which are subject to internal check. Summary information, including the use of permitted exceptions, is published in the 1998-99 Annual Report.

Investors In People

16.69 IB was recognised as an Investor in People in January 1998. The first 12-15 month review is taking place in February 1999. All staff are encouraged to reach their full potential by taking an active part in assessing their own training and development needs, and by improving their performance in their current job as well as gaining experience in other work areas.

Staff Appraisal

16.70 The development of a new staff appraisal system for IB based on the use of competencies has continued. It is planned for the new system to be introduced in two distinct phases and to be in place in the Year 2000.

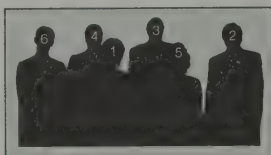
Public Appointments

16.71 The Chairman of the Intervention Board is the only public appointment. Mr Ian Kent was appointed to this position on 6 July 1998. The post is part time and the current annual remuneration is £13,950.

the Intervention Board



Management Group



- | | |
|------------------|--------------------------------|
| 1. G M Trevelyan | Chief Executive |
| 2. H MacKinnon | Head of Operations Directorate |
| 3. J P Bradbury | Director Newcastle |
| 4. Q Robey | (Interim) Finance Director* |
| 5. Mrs A Parker | Corporate Services Director |
| 6. J F McCleary | Legal Director |

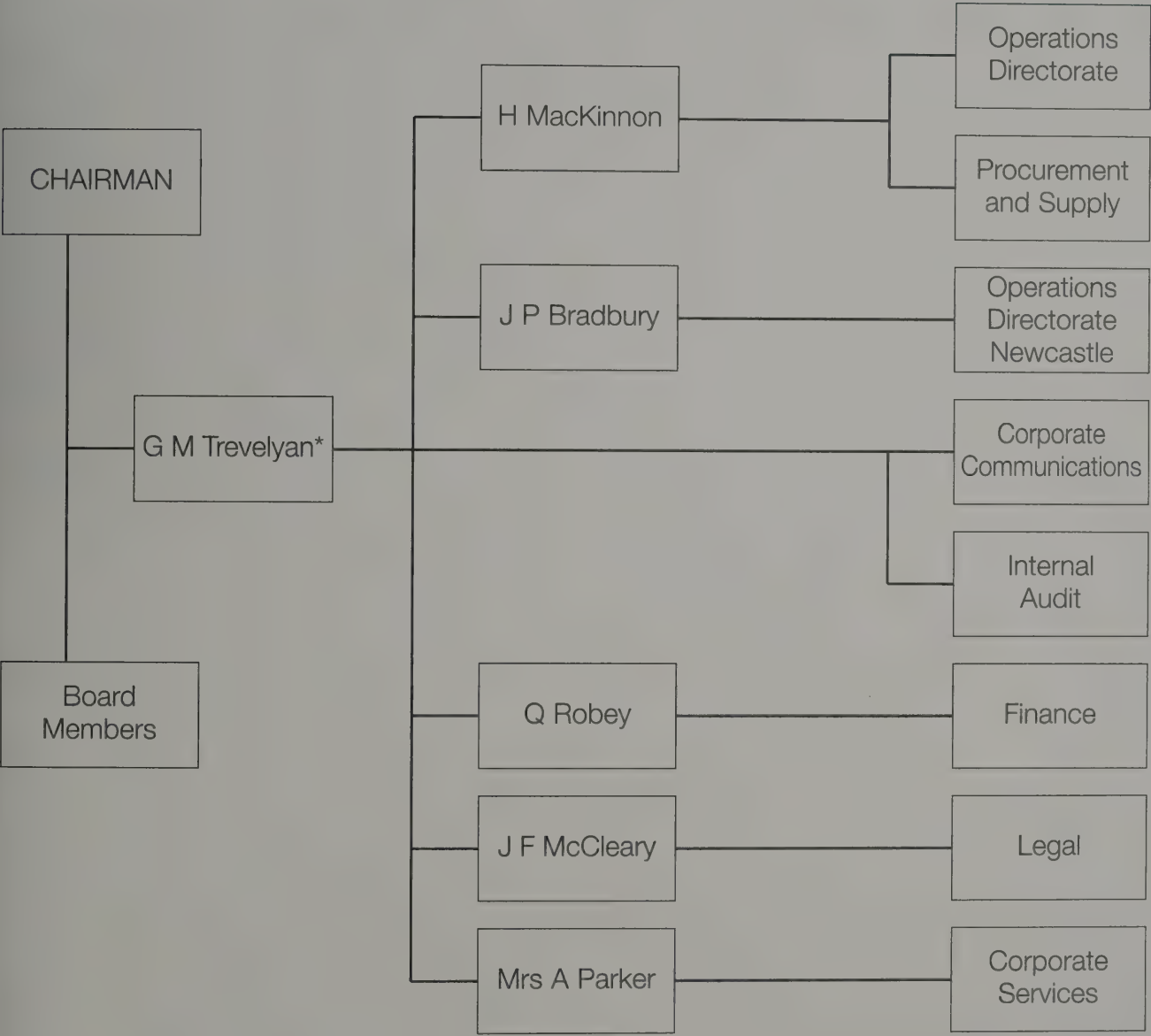
*Mr Geoffrey Trantham became the new Finance Director on 1 March 1999.

Intervention Board helplines:

Operations Reading	Over 30 Month Slaughter	0118 953 1687
	Crops	0118 953 1999
	Milk Quotas	0118 953 1888
Operations Newcastle	Imports and Exports,	0191 226 5050
	Intervention, Cereals and Milk Products	
Finance	Trader registration	0118 953 1405
	Securities	0118 953 1723
Freephone Fraudline		0800 347 347

the Intervention Board

The Intervention Board Organisation Chart



Chairman
Board Members

Mr I F Kent
Mr T A Cameron
Mr D P Hunter
Mr P T Toal
Mr L K Walford

* The Chief Executive is also a Board Member

annexes: 1-21

annex 1: cash plan table

		£ Million								
		1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Vote 1		Outturn	Outturn	Outturn	Outturn	Outturn	Estimated	Plans	Plans	Plans
Section		Outturn								
	Intervention Board									
	Departmental Expenditure in									
	Departmental Expenditure									
	Limits									
	Central government expenditure									
	Voted in Estimates									
B	Market support – IB				1,088	673	446	433	417	412
	Clean Beef top up scheme				4					
	Beef stock transfer and disposal									
	service schemes				52	6				
C	Selective Cull					115	16	3		
	Aid to the Rendering Industry					55	1			
A	Administration	45	39	40	58	63	71	66	68	68
	Total central government									
	expenditure	45	39	40	1,202	912	535	503	485	480
	Total Intervention Board									
	Departmental Expenditure in									
	Departmental Expenditure									
	Limits	45	39	40	1,202	912	535	503	485	480
	Intervention Board									
	Main Departmental Programmes									
	in Annually Managed									
	Expenditure									
	Central government grants to local authorities									
	Voted in Estimates									
	Current grants outside AEF									
E	EU grants for school milk and									
	milk products	31	16	15	12	9	9	9	9	9
D	Market support – non BSE	1,045	438	441	465	423	580	490	458	445
	Total Intervention Board									
	Main Departmental Programmes									
	in Annually Managed									
	Expenditure	1,076	454	456	477	432	590	499	467	454
Vote 2										
Section										
	Domestic Agriculture,									
	Fisheries and Food									
	Departmental Expenditure in									
	Departmental Expenditure Limits									
	Central government expenditure									
	Voted in Estimates									
A	Protection of public health	112	121	121	137	141	157	130	119	118

annex 1: cash plan table

		£ Million								
Vote 2		1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Section		Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
B	Protection of public health (demand determined)	60	37	25	19	16	16	16	16	16
C	Sustain and enhance the rural and marine environment	106	99	94	98	86	151	146	152	143
D	Secure a more economically rational CAP	5	5	4	5	4	5	5	5	5
E	Assist the development of efficient markets	157	154	176	267	146	104	103	100	99
F	Assist the development of efficient markets (demand determined)	17	6	5	8	7	6	6	6	6
G	Encourage economic and social development in rural areas	42	35	25	51	41	55	52	53	40
H	Administer payments under the CAP	30	29	29	31	29	33	33	34	32
I	Conservation of fish stocks	16	17	18	19	22	31	34	29	29
J	Protection of high welfare standards									
K	Reduce risks from flooding and coastal erosion	39	41	51	54	51	39	38	38	40
L	Safeguard of availability of food and drink	-4	-9	13	14	13	22	23	23	23
M	Departmental operations	187	190	191	182	153	160	163	122	186
N	Operational costs of the Ministry's Executive Agencies	-2	-6	17	-15	-19	-16	-30	-25	-26
	ERDF					2	1	1	1	1
Total voted in Estimates		763	718	770	867	693	766	720	674	712
Other (non-voted)										
	Reduce risks from flooding coastal erosion	214	177	185	186	186	192	205	209	214
	To sustain and enhance the rural and marine environment									
	Assist the development of efficient markets		-1	-1	-2					
	Civil defence (emergency and strategic food services)	-4								
Total other (non voted)		209	176	184	184	186	192	205	209	214
of which:										
	Central government's own expenditure	209	176	184	184	186	192	205	209	214
	Public corporations (excluding nationalised industries)									

annex 1: cash plan table

		£ Million								
Vote 2		1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Section		Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	Total central government expenditure	972	894	954	1,052	879	958	925	883	926
	of which:									
	Central government's own expenditure	972	894	954	1,052	879	958	925	883	926
	Public corporations (excluding nationalised industries)									
	Central government grants to local authorities									
	Voted in Estimates									
	Capital grants									
O	Assist the development of efficient markets						1	1	1	1
P	Reduce risks from flooding and coastal erosion	21	25	33	37	26	22	27	29	29
	Total voted in Estimates	21	26	33	37	27	23	28	30	30
	Other (non-voted)									
	Current grants outside AEF									
	Reduce risks from flooding and coastal erosion	-215	-178	-185	-186	-186	-192	-205	-209	-214
	Total central government grants to local authorities	-194	-152	-152	-150	-160	-170	-178	-180	-184
	of which:									
	current outside AEF	-215	-178	-185	-186	-186	-192	-205	-209	-214
	capital	21	26	33	37	27	23	28	30	30
	Credit approvals	13	10	14	16	12	17	18	19	19
	Total credit approvals	13	10	14	16	12	17	18	19	19
	Total central government support to local authorities	-181	-142	-138	-133	-147	-153	-160	-161	-165
	Total Domestic Agriculture, Fisheries and Food									
	Departmental Programmes in Departmental Expenditure Limits	791	752	816	919	732	805	765	722	760
	Domestic Agriculture, Fisheries and Food									
	Main Departmental Programmes in Annually Managed Expenditure									
	Voted in Estimates									
	Market support	1,036	1,204	1,516	1,619	1,422	1,490	1,291	1,482	1,626

annex 1: cash plan table

	£ Million								
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated	Plans	Plans	Plans
						Outturn			
Total Domestic Agriculture, Fisheries and Food Main Departmental Programmes in Annually Managed Expenditure	1,036	1,204	1,516	1,619	1,422	1,490	1,291	1,482	1,626
Total Ministry of Agriculture Fisheries and Food and the Intervention Board Departmental Expenditure in Departmental Expenditure Limits	835	791	856	2,121	1,644	1,340	1,268	1,207	1,240
Total Ministry of Agriculture, Fisheries and Food and the Intervention Board Main Departmental programmes in Annually Managed Expenditure	2,112	1,658	1,973	2,096	- 1,854	2,080	1,790	1,948	2,080

Cash amounts below £0.5 million are not shown.

annex 2: Reconciliation Between Cash Plans Table and Estimates

	£ million		
	1997-98	1998-99	1999-2000
	outturn	estimated	plans
		outturn	
VOTED PROVISION WITHIN			
DEPARTMENTAL EXPENDITURE IN			
DEPARTMENTAL EXPENDITURE LIMITS			
(as in cash plans table)	1,644	1,340	1,268
Less non-Voted expenditure within			
Departmental Expenditure Limits	12	17	18
TOTAL VOTED EXPENDITURE WITHIN			
DEPARTMENTAL EXPENDITURE IN			
DEPARTMENTAL EXPENDITURE LIMITS	1,632	1,323	1,250
VOTED PROVISION WITHIN MAIN			
DEPARTMENTAL PROGRAMMES IN			
ANNUALLY MANAGED EXPENDITURE			
(as in cash plans table)	1,854	2,080	1,790
Less non-Voted expenditure within Main			
Departmental Programmes within			
Annually Managed Expenditure			
TOTAL VOTED EXPENDITURE WITHIN			
MAIN DEPARTMENTAL PROGRAMMES			
IN ANNUALLY MANAGED			
EXPENDITURE	1,854	2,080	1,790
VOTED EXPENDITURE OUTSIDE			
DEPARTMENTAL EXPENDITURE LIMITS			
AND MAIN DEPARTMENTAL PROGRAMMES			
IN ANNUALLY MANAGED EXPENDITURE			
Ministry of Agriculture, Fisheries and Food			
EU Receipts	-22	-18	-24
Assist the Development of Efficient Markets (TM)	-1,400	-1,462	-1,258
Sustain and enhance the rural and marine			
environment (EN)	-22	-28	-33
Total Ministry of Agriculture, Fisheries and Food	-1,444	-1,509	-1,315

annex 2: Reconciliation Between Cash Plans Table and Estimates

	£ million		
	1997-98	1998-99	1999-2000
	outturn	estimated	plans
		outturn	
Intervention Board			
EU Institutions – BSE	-507	-274	-269
EU Institutions – non BSE	-2,391	-2,744	-2,348
Payments to other government departments or their grant-aided bodies – non BSE	2,029	2,238	1,907
Payments to other government departments or their grant-aided bodies – BSE	13	2	
Total Intervention Board	-857	-778	-709
TOTAL VOTED EXPENDITURE OUTSIDE			
DEPARTMENTAL EXPENDITURE LIMITS			
AND MAIN DEPARTMENTAL PROGRAMMES IN ANNUALLY MANAGED EXPENDITURE	-2,301	-2,287	-2,024
ERDF expenditure by MAFF shown on DETR			
Class III Vote ⁽¹⁾			
European Regional Development Fund	-2	-1	-1
TOTAL EXPENDITURE BY MAFF SHOWN			
ON DETR CLASS III VOTE 1	-2	-1	-1
TOTAL VOTED EXPENDITURE	1,183	1,115	1,014

⁽¹⁾ European Regional Development Fund (ERDF) expenditure funded by other departments in England now appears on the Department of the Environment, Transport and the Regions Class VI Vote 1, but the expenditure continues to be shown in the cash plans table of the originating Department, who retain policy responsibility for it. A full breakdown of ERDF payments and receipts is given in the Department of the Environment annual report CM 3607.

annex 3: expenditure by IB on the CAP in the UK

	£ Million								
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
SCHEME ADMINISTERED BY THE INTERVENTION BOARD									
DEPARTMENTAL EXPENDITURE LIMIT (DEL)									
BSE MEASURES									
Intervention purchases	-	-	-	136.3	132.2	33.2	61.0	53.4	53.4
storage etc costs	-	-	-	33.8	50.3	30.7	38.8	41.6	41.6
sales receipts ⁽¹⁾	-	-	-	-0.4	-1.7	-32.6	-0.2	-0.1	-0.1
External market – expenditure	-	-	-	6.1	-1.7	-0.8	17.2	17.2	17.2
External market – receipts ⁽¹⁾	-	-	-	-6.4	0.0	-0.4	-0.1	-0.1	-0.1
Over Thirty Month Scheme purchases	-	-	-	674.1	287.8	247.4	202.4	202.4	202.4
OTMS slaughter, disposal costs etc.	-	-	-	187.7	141.1	117.4	114.6	103.0	98.0
OTMS Receipts ⁽¹⁾	-	-	-	-4.4	-0.2	-1.8	-0.3	-0.3	-0.3
Clean Beef Top up	-	-	-	4.2	0.0	0.0	0.0	0.0	0.0
Calf Processing Scheme	-	-	-	51.4	53.3	48.8	0.0	0.0	0.0
Beef Stocks Transfer Scheme	-	-	-	50.9	4.5	0.2	0.0	0.0	0.0
Beef and Beef Products (Disposal Service)	-	-	-	0.9	1.5	0.0	0.0	0.0	0.0
Animal Feed Disposal Service scheme	-	-	-	0.3	0.4	0.0	0.0	0.0	0.0
Selective Cull	-	-	-	0.1	114.8	16.5	2.9	*	*
Aid to Renderers	-	-	-	-	54.9	1.0	0.0	0.0	0.0
Other measures	-	-	-	9.4	11.7	4.0	0.0	0.0	0.0
BSE Measures total	0.0	0.0	0.0	1144.0	848.9	463.4	436.4	417.1	412.1
ANNUALLY MANAGED EXPENDITURE (AME)									
BEEF AND VEAL									
Intervention purchases	38.9	-0.3	-0.5	-	-	-	-	-	-
storage etc costs	21.8	7.9	2.2	-	-	-	-	-	-
sales receipts ⁽¹⁾	-119.0	-100.0	-26.2	-	-	-	-	-	-
Other internal market measures	1.2	0.7	0.7	0.5	0.8	2.8	2.7	2.5	1.8
External market trade	68.2	82.2	93.9	-	-	-	-	-	-
Beef and Veal total	11.1	-9.5	70.0	0.5	0.8	2.8	2.7	2.5	1.8
CEREALS									
Intervention purchases	177.7	5.1	0.2	1.1	4.1	113.6	17.7	10.2	9.7
storage etc costs	22.7	18.6	12.6	3.6	4.1	18.7	13.1	13.4	12.5
sales receipts ⁽¹⁾	-16.7	-96.5	-50.9	-0.1	-0.1	-21.9	-6.4	-10.0	-10.0
Other internal market – expenditure	22.2	12.0	11.1	3.2	2.8	4.7	9.8	5.6	5.6
Other internal market – receipts ⁽¹⁾	-0.8	-0.1	-	-0.1	-0.1	-	-	-	-

annex 3: expenditure by IB on the CAP in the UK

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	£ Million 2001-02
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
ANNUALLY MANAGED EXPENDITURE (AME) (continued)									
External market trade	194.8	128.8	55.7	49.1	30.7	57.9	56.7	51.3	47.8
Cereals total	399.8	67.8	28.5	56.9	41.5	173.0	90.9	70.5	65.5
MILK AND MILK PRODUCTS									
Intervention purchases	10.0	9.8	0.0	59.8	28.7	47.8	32.0	26.5	26.5
storage etc costs	0.9	0.6	0.2	0.7	1.4	2.3	2.6	2.9	2.9
sales receipts ⁽¹⁾	-9.2	-21.0	-1.6	0.0	-7.0	-11.7	-8.8	-8.8	-8.8
Other internal market – expenditure	95.2	100.9	97.9	116.5	58.7	45.3	57.4	59.5	59.5
Other internal market – receipts ⁽¹⁾	-8.0	-21.6	-43.8	-48.5	-15.2	-32.3	-0.2	-0.2	-0.2
External market trade	116.6	110.6	94.4	97.6	132.1	116.7	110.4	103.8	97.6
Milk products total	205.5	179.4	147.1	226.1	198.7	168.2	193.4	183.7	177.5
OILSEEDS									
Internal market measures	163.0	2.1	0.7	0.8	0.7	0.5	0.0	0.0	0.0
PIGMEAT									
Internal market measures	0.1	0.0	0.2	0.3	0.0	0.3	0.3	0.3	0.3
External market trade	2.5	2.5	1.9	1.1	0.5	1.2	2.2	2.0	1.8
Pigmeat total	2.5	2.5	2.1	1.4	0.5	1.5	2.4	2.3	2.1
SHEEPMEAT									
Internal market – expenditure	1.0	0.6	0.3	*	0.0	2.5	2.4	2.4	2.4
Internal market – receipts ⁽¹⁾	-0.6	-3.8	-1.1	0.0	0.0	-2.5	0.0	0.0	0.0
Sheepmeat total	0.4	-3.2	-0.8	0.0	0.0	0.0	2.4	2.4	2.4
SUGAR									
Internal market measures	68.9	52.8	44.3	46.7	49.8	50.2	51.1	51.1	51.1
External market trade	85.2	73.8	71.3	58.0	61.4	103.4	70.8	70.8	70.8
Sugar total	154.1	126.5	115.7	104.7	111.2	153.6	121.9	121.9	121.9

annex 3: expenditure by IB on the CAP in the UK

£ Million	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Outturn	1998-99 Estimated Outturn	1999-00 Plans	2000-01 Plans	2001-02 Plans
ANNUALLY MANAGED EXPENDITURE (AME) (continued)									
OTHERS									
Internal market measures	44.2	18.3	24.5	26.6	35.5	36.7	35.8	39.1	38.5
External market trade	69.8	58.4	54.2	49.0	36.9	45.6	41.9	37.0	37.0
Miscellaneous(mainly VAT recovery) ⁽¹⁾	-5.6	-4.1	-0.5	-1.3	-2.4	-1.5	-1.5	-1.5	-1.5
Others total	108.4	72.6	78.2	74.4	70.0	80.9	76.2	74.5	74.0
Sub total	1,044.8	438.3	441.4	1,608.6	1,272.2	1,043.8	926.4	875.0	857.2
Payments to local authorities (School Milk)	31.4	15.7	15.1	12.3	8.9	9.2	9.0	9.0	9.0
INTERVENTION BOARD TOTAL	1,076.2	454.0	456.5	1,621.0	1,281.1	1,053.0	935.3	883.9	866.2
⁽¹⁾ These receipts are classed as Appropriations in Aid and total.	-159.9	-247.1	-124.3	-61.0	-26.6	-104.7	-17.4	-21.1	-21.1
Other Appropriations in Aid receipts not specifically identified.	-4.9	-1.6	-6.7	-1.9	-1.4	-1.1	-0.8	-0.7	-0.8
Total Appropriations in Aid	-248.7	-131.0	-62.9	-28.0	-105.7	-18.2	-21.8	-21.8	-21.8
SCHEMES ADMINISTERED BY AGRICULTURE AND OTHER DEPARTMENTS									
ANNUALLY MANAGED EXPENDITURE (AME)									
ARABLE CROPS									
Arable area payments scheme –									
cereals	387.4	549.5	818.9	850.9	855.1	780.5	691.7	691.8	691.8
oilseeds	153.5	151.7	164.6	161.8	168.2	189.9	170.7	170.9	170.9
linseed	-	26.1	28.6	24.4	49.4	46.2	42.7	42.7	42.7
protein	101.9	80.0	74.7	66.3	58.3	72.1	66.7	66.7	66.7
set-aside	141.8	199.7	200.8	157.0	90.8	90.7	117.9	118.0	118.0
Arable crops total	784.6	1007.0	1287.7	1260.3	1221.8	1179.6	1089.7	1090.2	1090.2
BEEF AND VEAL									
Suckler cow premium	65.7	169.9	199.3	278.2	215.6	293.6	212.2	254.5	254.5
Special premium	88.7	161.6	246.2	252.6	197.9	302.7	203.5	230.8	230.8
NFU Judicial Review	-	-	-	-	0.1	0.0	0.0	0.0	0.0
Agri-Monetary Compensation Package	-	-	-	-	68.5	51.0	0.0	0.0	0.0
Deseasonalisation (NI)	5.1	4.6	0.0	0.0	6.0	5.6	5.7	5.7	5.7
Beef & Veal total	159.5	336.1	445.6	530.8	488.2	652.9	421.4	491.0	490.9
BSE MEASURES									
Suckler cow compensation	-	-	-	77.3	6.9	0.3	*	0.0	0.0
Beef special premium scheme compensation	-	-	-	42.6	-6.6	-0.1	0.0	0.0	0.0

annex 3: expenditure by IB on the CAP in the UK

£ Million	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Outturn	1998-99 Estimated Outturn	1999-00 Plans	2000-01 Plans	2001-02 Plans
SCHEMES ADMINISTERED BY AGRICULTURE AND OTHER DEPARTMENTS									
ANNUALLY MANAGED EXPENDITURE (AME)									
Beef marketing payment scheme	-	-	-	58.2	0.1	0.0	0.0	0.0	0.0
BSE Clawback Redistribution	-	-	-	-	7.1	0.5	0.0	0.0	0.0
Veal marketing payment scheme	-	-	-	0.0	*	0.0	0.0	0.0	0.0
Cattle Traceability	-	-	-	-	2.6	1.0	0.0	0.0	0.0
MLC/LMC Promotion	-	-	-	-	2.5	0.0	0.0	0.0	0.0
BSE Measures total	0.0	0.0	0.0	178.0	12.5	1.8	0.0	0.0	0.0
Beef & Veal and BSE total	159.5	336.1	445.6	708.8	500.7	654.7	421.4	491.0	490.9
MILK AND MILK PRODUCTS									
Compensation for Quota cuts etc	79.0	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
School Milk (NI)	0.9	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4
	79.9	10.4	0.6	0.5	0.5	0.4	0.4	0.4	0.4
SHEEPMEAT									
Annual premium on ewes	486.7	394.9	424.3	455.2	277.8	348.2	330.7	359.0	359.1
OTHERS									
Orchard grubbing scheme	0.5	2.6	7.7	-	-	0.9	0.0	0.0	0.0
UK National Honey Programme	-	-	-	-	-	0.5	0.3	0.3	0.3
Oilseeds transitional scheme	4.6	-	-	-	-	-	-	-	-
Agenda 2000/Miscellaneous	-	0.0	0.0	*	-0.3	0.0	0.0	207.7	413.8
Agri-environmental measures ⁽¹⁾									
Environmentally sensitive areas	13.1	10.8	16.0	17.3	21.4	27.5	30.1	30.3	30.8
Nitrate sensitive areas (pilot scheme)	0.4	0.2	0.2	0.1	-	-	-	-	-
Nitrate sensitive areas	-	0.0	0.8	1.3	1.7	1.6	1.9	1.1	0.8
Livestock extensification (pilot)	0.2	0.1	0.1	*	-	-	-	-	-
Moorland scheme	-	-	0.0	0.1	0.2	0.5	0.4	0.5	0.4
Countryside access scheme	-	-	*	*	*	0.1	*	*	*
Habitat scheme	-	-	0.5	0.8	1.3	1.7	1.7	1.5	1.5
Organic scheme	-	*	0.2	0.3	0.4	1.0	1.4	1.0	1.0
Countryside stewardship scheme	-	1.8	2.7	3.1	2.3	5.8	8.2	9.6	10.9
Countryside premium scheme Scotland	-	-	-	-	-	0.8	3.7	4.6	4.8
Tir Cymen	-	1.2	0.9	1.1	1.3	1.6	1.7	1.7	1.7

annex 3: expenditure by IB on the CAP in the UK

£ Million	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Outturn	1998-99 Estimated Outturn	1999-00 Plans	2000-01 Plans	2001-02 Plans
SCHEMES ADMINISTERED BY AGRICULTURE AND OTHER DEPARTMENTS									
ANNUALLY MANAGED EXPENDITURE (AME)									
Forestry measures ⁽¹⁾									
Farm woodland scheme	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Farm woodland premium scheme	0.3	1.7	2.0	2.6	3.3	4.4	4.5	5.2	5.8
Woodland grant scheme	4.4	13.4	9.5	8.5	9.1	10.4	10.7	10.7	10.7
Others total	23.9	32.2	41.0	35.5	41.1	57.1	65.2	274.7	483.0
⁽¹⁾ This annex only includes the CAP element of expenditure on the schemes concerned.									
² Expenditure is net of certain recoveries classed as									
Appropriations in Aid of	-7.7	-4.8	-2.8	-11.9	-0.7	-2.1	-1.8	-1.8	-1.8
AGRICULTURE AND OTHER DEPARTMENTS TOTAL									
	1,534.5	1,780.6	2,199.2	2,460.4	2,041.8	2,240.0	1,907.4	2,215.3	2,423.6
Of which:									
MAFF	1,037.0	1,203.6	1,526.6	1,630.5	1,427.6	1,473.0	1,291.1	1,481.5	1,625.9
Others ⁽¹⁾	497.5	577.0	672.6	829.9	614.2	767.0	616.3	733.8	797.7
CAP SPENDING IN UK									
	2,610.7	2,234.6	2,655.7	4,081.4	3,322.9	3,293.0	2,842.8	3,099.2	3,289.8
Of which:									
Nationally funded elements	2.7	0.2	0.3	482.5	355.7	202.8	178.6	164.0	158.7
UK Receipts from EU for CAP expenditure									
	2,806.5	2,411.2	2,609.5	3,135.8	2,903.6	3,025.8	3,056.7	2,917.4	3,123.1
(monthly payments, 2 months in arrears)									
Of which:									
Appropriations in Aid	2,545.4	2,234.6	2,602.8	3,124.1	2,898.6	3,018.5	2,616.8	2,902.8	3,108.6
CFER	261.1	176.6	6.7	11.7	5.0	7.4	12.0	14.6	14.5
Calendar									
Year	1993 Outturn	1994 Outturn	1995 Outturn	1996 Outturn	1997 Outturn	1998 Estimated Outturn	1999 Plans	2000 Plans	2001 Plans
£ million									
Total CAP spending in the EU*	27,545	25,263	27,876	32,482	29,381	28,025	28,624	N/A	N/A
% of EU CAP spending in UK	8%	9%	9%	9%	11%	11%	10%	N/A	N/A
Total EU budget*	50,485	46,209	54,058	60,459	58,505	56,109	40,568	N/A	N/A
% of EU Budget represented by CAP	55%	55%	52%	54%	50%	46%	47%	N/A	N/A
% of EU Budget spent in UK	8%	8%	8%	8%	8%	8%	8%	N/A	N/A
*From 1995, the membership of the EU expanded to 15, with the accession of Austria, Finland and Sweden.....									
- Scheme not in operation									
... Expenditure less than £50,000									

annex 3: expenditure by IB on the CAP in the UK

£ Million	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Outturn	1998-99 Estimated Outturn	1999-00 Plans	2000-01 Plans	2001-02 Plans
This expenditure is included in the main cash plans tables in the Scottish, Welsh and Northern Ireland departmental reports. Forestry Commission expenditure is included in the Scottish departmental report									
Consolidated Fund Extra Receipts which comprise:									
EU receipts as above	261.1	176.6	6.7	11.7	5.0	7.4	12.0	14.6	14.5
Receipts in respect of sums previously passed to the EU "as "Own Resources" (mainly sugar and isoglucose levies and penalties)	60.3	69.5	69.8	59.9	49.1	43.2	43.5	43.5	43.5
Other receipts mainly forfeited securities	1.8	2.4	3.2	4.7	3.3	1.8	1.6	1.6	1.6

annex 4: appropriations in aid (AAs) and consolidated fund extra receipts (CFERs)

£'000			1998-99	1999-00	2000-01	2001-02
		Economic Category	Estimated	Estimate	Estimate	Estimate
			Outturn			
Receipts in respect of		(HM Treasury classification)	AAs CFERs	AAs CFERs	AAs CFERs	AAs CFERs
AZ: Programmes to protect public health (PH)	Milk hygiene, radiological protection of food and Cattle					
	Passports					
	of which:					
		Provision of goods and services (B35)	-5,553	-13,574	-22,574	-22,574
		Refunds of VAT (B35)***	-35	-35	-35	-35
BZ: Programmes to protect public health (PH) (demand determined)**	Receipts from fees and charges relating to meat hygiene work and					
	Local Veterinary Inspectors' fees and brucellosis and tuberculosis management					
	of which:					
		Other receipts (C10)*	-622	-561	-561	-561
CZ: Programmes to sustain and enhance the rural and marine environment (EN)	Farm and agri-environment grants					
	of which:					
		Current transfers abroad (i.e. EU receipts not via IB) (D20)	-305	-279	-279	-279
		Provision of goods and services (B35)	-925	-792	-792	-792
EZ: Programmes to assist the development of efficient markets (TM)	Plant varieties and seeds, agriculture and fisheries marketing, fish farming and shellfish production, animal disease control					
	of which:					
		Current transfers abroad (i.e. EU receipts not via IB) (D20)	-3,327	-3,126	-2,126	-2,126
		Provision of goods and services (B35)	-6,145	-5,580	-6,680	-7,180
FZ: Programmes to assist the development of efficient markets (TM) (demand determined)**	Animal disease control					
	of which:					
		Refunds of VAT (B35)***	-32	-32	-32	-32
		Other receipts (C10)*	-170	-156	-156	-156

annex 4: appropriations in aid (AAs) and consolidated fund extra receipts (CFERs)

£'000		Economic Category	1998-99 Estimated Outturn	1999-00 Estimate	2000-01 Estimate	2001-02 Estimate
	Receipts in respect of	(HM Treasury classification)	AAs CFERs	AAs CFERs	AAs CFERs	AAs CFERs
GZ: Programmes to encourage economic and social development in rural areas (ES)	HLCA's, Rural Development Programme					
	of which:	Current transfers abroad (i.e. EU receipts not via IB) (D20)	-13,511	-19,711	-20,161	-13,661
HZ: Programmes to administer payments under the CAP (CP)	Remote sensing re-imbursement and work undertaken by Regional Services on behalf of the Intervention Board					
	of which:	Current transfers abroad (i.e. EU receipts not via IB) (D20)	-500	-300	-300	-300
		Provision of goods and services (B35)	-750	-750	-750	-750
IZ: Programmes for the conservation of fish stocks (FS)						
	of which:	Current transfers abroad (i.e. EU receipts not via IB) (D20)	-612	-612	-612	-612
		Provision of goods and services (B35)	-66	-66	-66	-66
		Refunds of VAT (B35)***	-463	-463	-463	-463
KZ: Programmes to reduce risks from flooding and coastal erosion (FE)	Tide Gauge Network					
	of which:	Provision of goods and services (B35)	-36	-36	-36	-36
MZ: Programmes relating to Departmental Operations (DO)	Press and information services, legal services, economics and statistics, agency support and the Citizen's Charter, financial planning and monitoring, management of accommodation and property,					
	of which:	Provision of goods and services (B35)	-6,889	-6,011	-6,011	-6,011
		Refunds of VAT (B35)***	-7,649	-5000	-5000	-5000
		Sale of capital assets (E10)	-10,675	-5,787	-5,187	-5,187
NZ: Programmes on the Ministry's Executive Agencies (EA)	Receipts from MAFF, other Government Departments, the private sector, repayment of car loans with interest and to the Meat Hygiene Service					
	of which:	Provision of goods and services (B35)	-121,147	-124,79	-118,63	-118,63
		Refunds of VAT (B35)***	-700	-33	-33	-33

* Other receipts include sales of carcasses, sales of tuberculin and anthrax vaccine, SFA repayment of loan capital and refund of grants.

** Programmes with demand determined expenditure are PH:020 and TM:180.

*** Unlike the 1998 Departmental Report, VAT receipts are included in this Annex as they are now appropriated in aid.

annex 5: estimated provision for 1999-2000 by programme

In implementing the individual programmes MAFF strives to achieve an appropriate balance where there are any conflicts between its objectives. MAFF aims to maximise value for money for all programmes and to keep costs down in ways consistent with the relevant UK and EU legal obligations.

1999-2000 Class III Vote 2							
£000s		Scheme Costs	Running Costs	Annually Managed Expenditure	Capital	Receipts	Total
PH:010	Bovine Spongiform Encephalopathy (BSE) & Scrapie	25,244	33,653	0	103	-9,201	49,799
PH:020	Zoonoses	28,841	16,806	0	103	-572	45,178
PH:030	Veterinary Medicines	4,372	217	0	0	-142	4,447
PH:040	Pesticides Safety	12,894	256	0	2	0	13,152
PH:050	Food Safety	8,469	4,036	0	18	-21	12,502
PH:060	Food Hygiene	7,666	2,733	0	13	-1299	9,113
PH:070	Radiological Protection and Food Contamination Incidents	3,644	1,979	0	12	-2,900	2,735
PH:080	Food Quality and Nutrition	8,185	2,551	0	13	0	10,749
PH:090	Feedingstuffs & Fertiliser Standards	346	482	0	0	-35	793
	Sub Total						148,468
EN:010	Environmentally Sensitive Areas (Policy)	32,811	295	18,795	0	-18,801	33,100
EN:020	Countryside Stewardship (Policy)	29,555	421	9,318	4	-9,330	29,968
EN:030	Conservation	1,800	355	0	9	0	2,163
EN:040	Farm Woodlands (Policy)	6,203	100	2344	3	-2,346	6,304
EN:050	Environmental Protection	15,854	1,230	1929	829	-1,931	17,911
EN:060	Aquatic Environment	7,857	648	0	0	-782	7,723
EN:070	Organic Farming (Policy)	6,469	329	749	2	-757	6,792
EN:080	Countryside Management	2,281	452	0	7	-1	2,739
EN:090	Salmon, Whaling & Inland Fisheries	9,823	426	0	0	-1	10,248
EN:100	Farm Grants	61	157	0	1602	-279	1,541
EN:110	Land Use and Tenure	4,107	534	0	3	0	4,644
EN:120	Royal Botanic Gardens, Kew	14,299	72	0	2452	0	16,823
EN:130	'Alternative' Crops	2,738	404	0	3	0	3,145
	Sub Total						143,101
RC:010	Central Planning on CAP	0	1,404	0	5	0	1,409
	Sub Total			0	5		1,409
TM:020	Arable Crops (Policy)	6,759	840	1,033,951	19	-1,029,027	12,541
TM:030	Sugar	1	311	121,940	5	-121,940	294
TM:040	Alcohol and Alcoholic Drinks	407	487	15,288	0	-15,288	894
TM:050	Beef (Policy)	437,940	864	187,159	4	-454,963	171,004
TM:060	Sheep (Policy)	3,025	404	132,600	4	-132,600	3,433
TM:070	Pigmeat	1,553	227	2,446	4	-2,446	1,784

annex 5: estimated provision for 1999-2000 by programme

1999-2000 Class III Vote 2							
£000s		Scheme Costs	Running Costs	Annually Managed Expenditure	Capital	Receipts	Total
TM:080	Eggs and Poultry	1,079	1,139	2,539	22	-2,549	2,230
TM:090	Milk and Milk Products (Policy)	2,766	541	202,344	4	-202,344	3,311
TM:100	Horticulture, Potatoes & Mediterranean Crops	13,827	4,227	15,066	17	-14,852	18,285
TM:110	Trade Policy and Tropical Foods	167	599	0	26	0	792
TM:120	Food Industry and Competitiveness	6,959	812	39,286	1,200	-42,087	6,170
TM:130	International Relations and Export Promotion	5,391	1,355	0	0	0	6,746
TM:140	Plant Varieties and Seeds	5,796	1,448	4,257	5	-8,830	2,676
TM:150	Better Regulation	8	285	0	0	0	293
TM:160	Fishing Industry and Market Support	1,886	695	1,457	5,463	-3,611	5,890
TM:170	Fish Farming and Shellfish Production	4,628	376	0	0	-6	4,998
TM:180	Animal Disease Control	32,254	13,607	0	2	-1,848	44,015
TM:190	Plant Health	3,812	4,433	0	31	-1,680	6,595
	Sub Total						291,951
ES:010	Rural Economy (Policy)	1,049	262	0	27,918	-14,000	15,229
ES:020	HLCA (Policy)	27,747	141	0	5	-5,711	22,182
ES:030	Agricultural Resources	633	632	0	120	-50	1,335
	Sub Total			0			38,746
CP:010	Environmentally Sensitive Areas (RSC Admin)	0	1,400	0	19	0	1,419
CP:020	Countryside Stewardship (RSC Admin)	0	1,971	0	27	0	1,998
CP:030	Farm Woodlands (RSC Admin)	0	366		5	0	371
CP:040	Organic Farming (RSC Admin)	0	95	0	1	0	96
CP:050	Rural Economy (RSC Admin)	0	745	0	0	0	745
CP:060	CAP Schemes Management	960	7,499	0	76	0	8,535
CP:080	Arable Crops (RSC Admin)	0	6,990	0	95	0	7,085
CP:090	Beef (RSC Admin)	0	8,626	0	117	0	8,743
CP:100	Sheep (RSC Admin)	0	2,900	0	39	0	2,939
CP:110	Milk and Milk Products (RSC Admin)	0	472	0	6	-750	-272
CP:120	HLCA (RSC Admin)	0	1,080	0	15	0	1,095
	Sub Total						32,754
FS:010	Conservation of Sea Fish Stocks	10,566	896	0		-14	11,448
FS:020	Fishing Fleet Structure and Effort		463	0	0	-52	3,911
FS:030	Fishery Management and Enforcement	10,919	3,568	0	110	-1,075	13,522
	Sub Total			0			28,881

annex 5: estimated provision for 1999-2000 by programme

1999-2000 Class III Vote 2							Total
£000s		Scheme Costs	Running Costs	Annually Managed Expenditure	Capital	Receipts	
WS:010	Farm Animal Welfare	4,783	3,265	0	0	0	8,048
	Sub Total				0		8,048
FE:010	Flood and Coastal Defence	7,308	2,173	0	73,140	-36	82,585
	Sub Total			0			82,585
SA:010	Emergencies	27	322	0	7	0	356
SA:020	Plant Genetic Resources	21	72	0	0	0	93
	Sub Total			0			449
IR:010	Audit	0	1,609	0	13	0	1,622
IR:020	Press and Information Services	5,436	3,100	0	22	-8	8,550
IR:030	Legal Services	800	5,246	0	42	-500	5,588
IR:040	Economics and Statistics	4,792	4,764	0	124	-1,166	8,514
IR:050	Information Technology Services	0	49,903	0	10,443	-481	59,865
IR:060	Financial Planning and Monitoring	2	4,801	0	41	-133	4,711
IR:070	Internal Consultancy	0	197	0	13	0	210
IR:080	Management of Accommodation and Property Resources	392	48,311	0	20,649	-35,575	33,777
IR:090	Ministers and Top Management	7	1,812	0	5	0	1,824
IR:100	Management of Human Resources	0	19,919	0	562	-1,584	18,897
IR:120	BSE Inquiry	0	0	0	0	0	0
	Sub Total			0			143,558
SP:010	Science Policy	17,983	1,678	0	30	0	19,691
	Sub Total			0			19,691
EA:010	CSL	0	29,261	0	1,500	-32,286	-1,525
EA:020	VLA	18	43,147	0	2,075	-50,660	-5,420
EA:030	PSD	2,994	5,986	0	231	-11,890	-2,679
EA:040	VMD	0	6,933	0	126	-7,690	-631
EA:050	MHS	0	53,617	0	93	-66,891	-13,181
EA:060	FRCA	0	18,781	0	368	-20,660	-1,511
EA:070	CEFAS	0	19,204	0	1,475	-25,816	-5,137
	Sub Total			0			-30,084
				0			

annex 5: estimated provision for 1999-2000 by programme

1999-2000 Class III Vote 2						
£000s	Scheme Costs	Running Costs	Annually Managed Expenditure	Capital	Receipts	Total
Grand Total						£910 million
Add back receipts not deducted in Cash Plan						£24 million
Total						£934 million
Deduct Net IB DEL which appears in the Beef (Policy) programme						-£169 million
Total Domestic Agriculture, Fisheries and Food in DEL						£765 million
Note*: Receipts consists of both scheme cost related and running costs related receipts. They include both non-EU and EU receipts.						

annex 6: Local Authority Expenditure ⁽¹⁾

	£ million					
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn
Intervention Board and EU expenditure						
Current spending						
EU grants for school milk and milk products	31	16	15	12	9	9
Domestic agriculture, fisheries and food						
Current spending						
Reduce risks from flooding and coastal erosion ⁽²⁾	26	29	31	30	36	38
Sustain and enhance the rural and marine environment						-1
Total current spending	26	28	31	29	35	37
Capital spending						
Reduce risks from flooding and coastal erosion	33	31	50	53	28	51
Sustain and enhance the rural and marine environment	-10	-14	-7	-10	-7	-11
Assist the development of efficient markets	-45	-61	-31	-42	-31	-50
Total capital spending	-23	-44	12	1	-10	-10
Of which:						
Gross spending	40	38	61	64	34	62
Capital receipts	-63	-82	-49	-63	-44	-72
Domestic agriculture, fisheries and food	3	-16	43	30	25	27
Total local authority expenditure	34		58	43	34	36

1 Local authority expenditure includes central government support identified separately in Annex 1 as well as self-financed expenditure.

2 Excludes levies on local authorities by the Environment Agency which are classified as a negative item under central government grants to local authorities (see Annex 1). This affects figures for 1991-92 onwards.

annex 7: Running Costs

	£ million								
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Intervention Board									
Gross running costs: ⁽¹⁾									
Paybill	17	17	17	20	23	28			
Other	28	23	23	41	43	46			
Total Running Costs	45	41	41	61	66	74	70	70	70
Related receipts	-2	-3	-2	-4	-5	-6	-6	-4	-4
Net expenditure	43	38	38	57	61	68	64	66	66
Gross Running Costs Limit ⁽⁴⁾							66		
Ministry of Agriculture, Fisheries and Food									
Gross running costs: ⁽¹⁾									
Paybill	240	245	263	279	240	260			
Other	156	162	177	179	173	202			
Total Running Costs	395	406	440	459	413	463	459	458	448
Related receipts	-149	-141	-185	-224	-186	-210	-222	-225	-225
Net expenditure	246	266	255	235	227	253	237	233	223
Gross Running Costs limit: ⁽⁴⁾							360		
Gross control:									
Centre for Environment, Fisheries and Aquaculture Science ⁽²⁾	11	12	12	12	16	19	19	18	17
Meat Hygiene Service ⁽²⁾		2	37	43	51	63	54	54	53
Pesticides Safety Directorate ⁽²⁾	6	6	6	6	6	6	6	6	6
Running costs by control area:									
Net control areas:									
ADAS ⁽²⁾									
Gross expenditure	83	80	77	74					
Net expenditure	15	37	9	6					
Farming and Rural Conservation Agency ⁽²⁾									
Gross expenditure					18	19	19	19	19
Net expenditure									

annex 7: Running Costs

	£ million								
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Central Science Laboratory ⁽²⁾									
Gross expenditure	15	23	23	24	23	30	29	29	29
Net expenditure	1	-1	1						
Veterinary Laboratory Agency ⁽²⁾									
Gross expenditure	22	20	29	36	39	43	43	43	43
Net expenditure		-2	6						
Veterinary Medicines Directorate ⁽²⁾									
Gross expenditure	3	4	7	7	8	7	7	7	7
Net expenditure	2	1							
(1) The gross control figures are no longer net of any VAT refunds on contracted out services. (2) A Next Steps Executive Agency. (3) Running costs related receipts from within the running costs provision of other government department's are now offset against the gross running costs limit. (4) Only the gross running costs limit for 1999/2000 is shown.									

annex 8: Staff Numbers

		£ million								
		1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
		Outturn	Outturn	Outturn	Outturn	Outturn	Estimated	Plans	Plans	Plans
		Outturn								
Intervention Board	CS FTEs	948	905	864	902	1,031	1,141	1,268	1,258	1,259
	Overtime	23	23	23	48	55	48	33	32	31
	Casuals ⁽¹⁾	51	83	82	167	211	238	56	48	59
	TOTAL	1,022	1,011	969	1,117	1,297	1,427	1,357	1,338	1,349
Ministry of Agriculture, Fisheries and Food (Gross Control Area) (2)	CS FTEs ⁽³⁾	6,844	6,724 ⁽³⁾	7,262 ⁽⁴⁾	6,980 ^(5,6)	7,199	8,078	8,183	8,183	8,183
	Overtime	153	121	318	292	279	525	499	493	493
	Casuals ⁽⁸⁾	822	651	735	972	1,154	816	676	676	676
	TOTAL	7,819	7,496	8,315	8,244	8,632	9,419	9,358	9,352	9,352
Veterinary Laboratories Agency (Net Control Area)	CS FTEs ⁽³⁾	646	635	642	951	997	1,025	1,049	1,049	1,049
	Overtime	19	16	20	24	23	29	30	30	30
	Casuals ⁽⁸⁾	39	37	29	46	46	47	50	50	50
	TOTAL	704	688	691	1,021	1,066	1,101	1,129	1,129	1,129
ADAS/Farming and Rural Conservation Agency (Net Control Area)	CS FTEs ⁽³⁾	2,288	1,973	1,721	1,467	489 ⁽⁷⁾	550	540	551	562
	Overtime	46	45	49	35	3	5	3	3	3
	Casuals ⁽⁸⁾	188	168	143	135	64	88	74	76	78
	TOTAL	2,522	2,186	1,913	1,637	556	643	617	630	643
Central Science Laboratory (Net Control Area)	CS FTEs ⁽³⁾	405	578 ⁽³⁾	592	560	547	561	525	525	524
	Overtime	7	8	8	8	4	4	3	3	3
	Casuals ⁽⁸⁾	48	33	58	56	29	30	19	18	18
	TOTAL	460	619	658	624	580	595	547	546	545
Veterinary Medicines Directorate (Net Control Area)	CS FTEs ⁽³⁾	88	86	89	97	100	108	133	133	133
	Overtime	0	0	0	0	0	1	1	1	1
	Casuals ⁽⁸⁾	4	4	6	5	3	3	5	5	5
	TOTAL	92	90	95	102	103	112	139	139	139
TOTAL MAFF		11,597	11,079	11,672	11,628	10,937	11,870	11,790	11,796	11,808

(1) The outturn and estimated figures include casuals filling permanent posts.

(2) Includes PSD, MHS plus CEFAS (from 1/4/97) staffing figures as they are under gross control.

(3) Reflects the transfer of approximately 200 staff from MAFF Food Science Laboratory into CSL Agency.

(4) Includes recruitment of approximately 900 new staff for the Meat Hygiene Service from April 1995.

(5) Reflects the transfer of the Veterinary Investigation Service into VLA.

(6) Includes additional staff recruited to cover BSE related work.

(7) ADAS ceased to exist as a MAFF Executive Agency and FRCA began to operate as a Net Running Cost Agency from 1 April 1997.

(8) Figures have been calculated by Treasury from MANDATE, except for 1998-99 to 2001-02 (estimates and plans).

annex 9: Senior Civil Service salaries in MAFF and IB as at
1 December 1998

Band	Number of staff ⁽¹⁾⁽²⁾
£40,420 - £44,999	2
£45,000 - £49,999	8
50,000 - 54,999	18
55,000 - 59,999	36
60,000 - 64,999	24
65,000 - 69,999	10
70,000 - 74,999	6
75,000 - 79,999	5
80,000 - 84,999	4
£85,000 - £89,999	3
£105,000 - £109,999	1
Total	117
NOTE	
1) Includes staff in post on 1 April 1998 but since departed.	
2) Includes performance bonuses received in the current financial year, but relating to performance in the previous financial year.	

annex 10: fixed assets

Analysis by type of asset (£000's)

	Property	IT Equipment	Scientfc & Research Equipment	Fisheries	Furniture & Fittings	Vehicles	Office Equipment	TOTAL
COST OR VALUATION								
MHC at 1 April 97*	326,329	37,234	84	22,883	333	3,466	3,039	393,368
Additions	30,425	44,526	3	0	0	864	153	75,971
Disposals	-3,064	-2,150	-9	-23,373	-332	-1,223	-114	-30,265
Reval	14,865	-3,009	1	504	13	63	92	12,529
MHC at 31 March 98	368,556	76,602	79	15	13	3,170	3,169	451,603
DEPRECIATION								
MHC at 1 April 97	-16,330	-14,325	-33	-14,209	-154	-2,121	-1,972	-49,143
Provided in year	-6,606	-8,157	-7	-148	-46	-586	-305	-15,854
Eliminated on disposals	178	1,285	8	14,662	199	1,034	50	17,416
Reval	-2,678	1,661	-1	-316	-8	-40	-67	-1,449
MHC at 31 March 98	-25,437	-19,536	-33	-11	-8	-1,713	-2,294	-49,031
NET BOOK VALUE								
At 1 April 97	310,000	22,909	51	8,674	179	1,345	1,067	344,225
At 31 March 98	343,119	57,066	46	4	5	1,456	875	402,572

*Adjusted

Notes: Throughout 1997-98 development work has continued on the Fixed Assets Register. Further work is being carried out to ensure that the information produced by the system is of the necessary quality to support Resource Accounting and Budgeting (RAB). Depreciation is calculated over the expected life of an asset. The specific timescale over which each category of asset has been depreciated therefore takes into account the durability of the asset, e.g. Buildings are depreciated over their useful life, whereas IT equipment and allocated cars are depreciated over 4 years. This Fixed Asset Register covers MAFF only: Agencies maintain their own Asset Registers and determine their own depreciation policies. For further details see the Annual Report and Accounts for the relevant Agency.

Property

Estate rationalisation led to the sale of 21 freehold properties during 1997-98.

IT Equipment

The level of expenditure reflects MAFF's increasing use of Information Technology. A large proportion of this expenditure was spent on enhancements and additions to MAFFNET and ITD bureau machines. Disposals reflect the replacement of outdated technology.

Scientific and Research Equipment

Additional Equipment was acquired to support the work of the Veterinary Field Service.

Fisheries

In April 1997 the Directorate of Fisheries Research became the agency CEFAS. This accounts for the disposal of the majority of the Fisheries' assets.

annex 10: fixed assets

Furniture and Fittings

The large retirement figure is due to a change in policy re the furniture and fittings 'pool'. BEMD in liaison with the Valuation Office are working on valuing the furniture and fittings in order to create a new 'pool'.

Vehicles

Expenditure of £177k relates to the replacement of vehicles for field-based organisations such as RSCs and the Veterinary Field Service. In addition £686k was invested in the replacement of the centrally administered car pool.

Office Equipment

The purchase of two conferencing systems, franking machines and installation of new switchboards accounted for most of this expenditure.

annex 11: long term capital projects

Details of Capital Projects costing over £150,000 and Reconciliation with the Estimate

Current estimate of expenditure (£'000 98-99 prices)	Year of start/original estimate of year of completion	Current estimate of year completion	Original estimate of expenditure	Current estimate of total expenditure	Spent in past years	Estimated provision for 99-00 years	To be spent in future
Projects in progress							
London Page Street ⁽¹⁾	98-99/99-00	99-00	7,500	7,500	450	6,400	650
CVL Grange Farm ⁽²⁾	97-98/98-99	98-99	4,000	3,900	3,400	500	
CVL Coombelands Farm ⁽²⁾	97-98/98-99	98-99	9,000	8,800	7,831	969	
CVL Controlled Environment Building ⁽²⁾	98-99/99-00	99-00	5,500	7,200 (9)	1,635	3,000	2,565
CVL Post Mortem Building ⁽²⁾	98-99/99-00	99-00	5,500	7,100 (9)	1,666	3,000	2,434
Drayton ⁽²⁾	98-99/99-00	99-00	14,000	13,700	13,076	624	
CVL Laboratories ⁽²⁾	99-00/01-02	01-02	7,500	7,500	50	450	7,000
CVL Controlled Environment Building No 2	98-99/99-00	00-01	9,000	9,000	1,710	4,000	3,290
Exeter RSC ⁽⁴⁾	97-98/98-99	98-99	2,450	2,450	2,050	400	
Northallerton RSC ⁽⁴⁾	97-98/98-99	98-99	2,440	2,440	1,576	864	
Crewe RSC ⁽⁴⁾	97-98/98-99	98-99	6,100	6,257	6,176	81	
CVL Energy Centre ⁽⁵⁾	98-99/99-00	99-00	2,700	2,700	500	1,000	1,200
VMD Office ⁽⁶⁾	97-98/98-99	98-99	3,500	3,500	3,371	129	
Other schemes in final account and those costing between £150,000 and £2 million ⁽⁷⁾						3,934	
TOTAL						25,351	
Schemes to start ⁽⁸⁾						NIL	
TOTAL PROVISION						25,351	

Notes:

- ⁽¹⁾ Part of the long term London office rationalisation programme, this covers the fitting out of a leased building.
- ⁽²⁾ These projects are the technical and animal buildings essential for urgent BSE research being constructed at the Central Veterinary Laboratory and elsewhere.
- ⁽³⁾ An urgent need, to be constructed integrally with the Post Mortem Building.
- ⁽⁴⁾ The Regional Service Centres at Crewe, Cambridge, Exeter and Northallerton occupied old buildings and temporary hutting. Some buildings had structural problems and all were showing their age. New offices are being acquired and the existing sites sold.
- ⁽⁵⁾ The existing facility is unable to cope with BSE research building demand.
- ⁽⁶⁾ The Veterinary Medicines Directorate executive agency occupied a collection of sub-standard and mainly temporary buildings. A new office building has been constructed on Ministry land to replace them. This offered best value for money compared with a PFI scheme and leased buildings.
- ⁽⁷⁾ This includes provisions for smaller projects and technical studies.
- ⁽⁸⁾ There is no funding in 1999-00 for additional projects.
- ⁽⁹⁾ Tenders received for these difficult and heavily serviced buildings were much higher than expected due to a glut of construction work in the south-east.

Trends	97-98	98-99	99-00
% of projects with later current completion date than original	0	0	8
% of projects with higher current estimate of expenditure than original	17	7	15

annex 12: UK agriculture, fisheries and food – territorial breakdown⁽¹⁾

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
£ million									
Intervention Board and EU expenditure									
Intervention Board ⁽²⁾	1,121	493	497	1,679	1,345	1,124	1,001	951	934
Of which:									
DEL expenditure	45	39	40	1,202	912	534	503	485	480
AME expenditure	1,076	454	456	477	432	590	499	467	454
AME expenditure									
MAFF	1,036	1,204	1,516	1,619	1,422	1,490	1,291	1,482	1,626
Scotland	243	285	347	419	323	345	318	367	395
Wales	160	160	183	220	152	175	159	197	219
Northern Ireland	90	115	129	184	135	173	128	158	172
Forestry Commission	3	7	8	8	9	10	7	4	4
Total Intervention Board and EU expenditure (A) ⁽³⁾	2,651	2,264	2,680	4,130	3,384	3,318	2,904	3,159	3,349
Domestic agriculture, fisheries and food									
DEL expenditure									
MAFF	791	752	816	919	732	805	765	722	760
Scotland	179	177	174	181	189	201	183	187	192
Wales	49	51	50	53	53	70	54	53	53
Northern Ireland	31	27	24	24	31	25	17	17	17
Total domestic agriculture, fisheries and food (B)	1,051	1,006	1,064	1,176	1,004	1,102	1,018	979	1,022
Totals									
Intervention Board	1,121	493	497	1,679	1,345	1,124	1,001	951	934
MAFF	1,827	1,956	2,332	2,538	2,154	2,296	2,056	2,204	2,386
Scotland ⁽⁴⁾	422	462	522	600	512	546	500	554	587
Wales ⁽⁴⁾	209	211	234	273	204	243	213	250	272
Northern Ireland ⁽⁴⁾	121	141	152	208	165	198	144	175	189
Forestry Commission ⁽⁴⁾	3	7	8	8	9	10	7	4	4

annex 12: UK agriculture, fisheries and food – territorial breakdown⁽¹⁾

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
£ million									
Total for agriculture, fisheries and food									
including territorial Department's									
expenditure recorded above (A + B)	3,702	3,271	3,744	5,307	4,389	4,420	3,923	4,138	4,371
Plus expenditure in Northern Ireland									
block not recorded above ⁽⁴⁾	134	160	130	141	155	147	144	148	150
Total for agriculture, fisheries and food in									
the United Kingdom	3,836	3,430	3,874	5,448	4,544	4,567	4,066	4,285	4,521

(1) Intervention Board and MAFF entries can be derived from totals in Annex 1, part A and B respectively.

(2) Includes support for local authority expenditure on school milk and milk products financed by EU grant.

(3) The operational and programme costs of the CAP reform schemes are shown against the Agriculture Department's expenditure for 1993-94 to 1999-2000. Discussions on the long-term Departmental responsibilities for the operation of the schemes continue.

(4) This expenditure is included in the main cash plans tables in the Scottish, Welsh and Northern Ireland departmental reports. Forestry Commission expenditure is included in the Scottish Departmental Report.

annex 13: overseas visits by ministers and MAFF presence at International Exhibitions in 1998

Date	Minister	Destination
5 March	Minister (Dr Cunningham)	SIA agricultural exhibition, Paris, France
22-28 April	Minister (Dr Cunningham)	CBTG/MAFF trade mission to China including AgroExpo agricultural trade fair in Beijing
31 August-4 September	Parliamentary Secretary (C) Mr Morley	Brazil including Expolnter, Porto Alegre and meeting with Brazilian Minister of Agriculture
7-11 September	Parliamentary Secretary (L) Lord Donoughue	Official opening of "Britain – Window for Business" Exhibition, St Petersburg, Russia. Visit to Tallinn, Estonia, bilaterals with Ministers and signing of Memorandum of Understanding
13-15 September	Parliamentary Secretary (C) Mr Morley	Expo '98 Exhibition, Lisbon, Portugal. Bilaterals with Agricultural and Fisheries Ministers
19 October	Parliamentary Secretary (C) Mr Morley	SIAL international food and drink exhibition and the British Meat Dinner, Paris, France
7-13 November	Parliamentary Secretary (L) Lord Donoughue	Japan
8-15 December	Parliamentary Secretary (L) Lord Donoughue	Vietnam

Note: This list does not include frequent visits made by Ministers to Brussels, Luxembourg and bilaterals with European Union (EU) and prospective EU counterparts.

annex 13: overseas visits by ministers and MAFF presence at International Exhibitions in 1998

MAFF Participation in Overseas Trade Fairs	
7-10 April	AgriHort '98, Kiev, Ukraine
21-24 April	AgroExpo '98, Beijing, China (joint stand with CBBC)
14-21 August	Agrokomplex '98, Nitra, Slovakia (joint stand with DTI)
29 August-6 September	ExpoInter '98, Porto Alegre, Brazil
8-11 Sept	Britain – Window for Business, St Petersburg, Russia (joint stand with FFB)
22-24 Oct	Agrilink '98, Manila, Philippines
26-30 Oct	Fisheries Expo, Dalian, China (joint stand with Seafish Industry Authority)
2-6 Nov	Indagra '98, Bucharest, Romania (joint stand with DTI)

MAFF Participation in UK Trade Fairs	
15-18 March	Food and Drink Expo, Birmingham
13-14 May	Pig & Poultry '98, Stoneleigh, Warwickshire
9-11 June	Intrade '98, Earl's Court, London
6-9 July	Royal Show '98, Stoneleigh, Warwickshire
23-24 Sept	European Dairy Event '98, Stoneleigh, Warwickshire
7 October	South West Dairy Show, Shepton Mallet
29 Nov-2 Dec	Royal Smithfield Show, Earl's Court, London

annex 14: non-departmental public bodies (NDPBs) sponsored by MAFF

NDPB	Number if a multiple body	Number of Members (including Chairman and Deputy, if applicable) (a)	Number of Staff employed by the body	Total Gross Expenditure of the body (1997 - 98 (£m)	Amount of Total Gross Expenditure funded by the Government (1997-98)	Other expenditure by sponsoring department (1997-98) (£m)(b)
Executive Bodies						
Agricultural Wages Board for England and Wales	-	21	2.5 (c)	0.235 (d)	0.235	-
Agricultural Wages Committees (England)	15	188	2 (c)	0.66 (d)	0.66	-
Apple and Pear Research Council	-	9	1	0.363	-	0.029
British Potato Council	-	16	65	6.847	-	0.378
Food from Britain	-	15	24	11.635	5.318	0.12
Home Grown Cereals Authority	-	16	44	9.864(e)	0.123	0.043
Horticultural Development Council	-	14	14	2.790 (f)	-	0.030
Horticulture Research International	-	10	660 (g)	23.998	16.402 (h) (i)	0.070
Meat and Livestock Commission	-	14	680	52.800	-	0.274
Milk Development Council	-	11	5	5.950	-	0.016
Regional Flood Defence Committees (j)	9	157	-	-	-	-
Royal Botanic Gardens, Kew	-	12	512.5	29.452	20.951	0.078
Sea Fish Industry Authority	-	12	151	10.592	0.296	0.266
United Kingdom Register of Organic Food Standards	-	13	1.75	0.120 (d)	-	0.089
Wine Standards Board of the Vintner's Company	-	4	12.5	0.476	0.371	0.067
Advisory Bodies						
Advisory Committee on Novel Foods and Processes	-	16	-	N/A	0.155	N/A
Advisory Committee on Pesticides	-	16	-	N/A	0.48 (k)	N/A
Agricultural Dwelling House Advisory Committees	15	286	-	N/A	0.185	N/A
Committee of Investigation for Great Britain	-	7	-	N/A	-	N/A
Committee on Agricultural Valuation	-	13	-	N/A	-	N/A
(l)Consultative Panel on Badgers and Tuberculosis	-	-	-	N/A	0.001	N/A
Consumers' Committee for Great Britain	-	7	-	N/A	0.011	N/A
Consumer Panel	-	10	-	N/A	0.092 (m)	N/A
Farm Animal Welfare Council	-	23	-	N/A	0.324	N/A
Food Advisory Committee	-	16	-	N/A	0.157	N/A
Hill Farming Advisory Committee	-	15	-	N/A	0.024 (n)	N/A
Spongiform Encephalopathy Advisory Committee (o)	-	18	-	N/A	0.356	N/A
Sugar Beet Research and Education Committee	-	6	-	N/A	-	N/A

annex 14: non-departmental public bodies (NDPBs) sponsored by MAFF

NDPB	Number if a multiple body	Number of Members (including Chairman and Deputy, if applicable) (a)	Number of Staff employed by the body	Total Gross Expenditure of the body (1997 - 98 (£m)	Amount of Total Gross Expenditure funded by the Government (1997-98)	Other expenditure by sponsoring department (1997-98) (£m)(b)
Veterinary Products Committee	-	24	-	N/A	0.082	N/A
Tribunals						
Agricultural Land Tribunals (England)	7	257	-	N/A	0.319	N/A
Dairy Produce Quota Tribunal	-	69	-	N/A	-	N/A
Meat Hygiene Appeals Tribunal (England and Wales)	-	15	-	N/A	0.010	N/A
Plant Varieties and Seeds Tribunal (p)	-	32	-	N/A	-	N/A
Public Corporations						
Covent Garden Market Authority	-	5	-	N/A	-	N/A

- (a) This figure includes both members appointed by HM Queen or HM Government and those appointed by others.
- (b) This is the net cost to MAFF in carrying out its sponsorship role in 1996 – 97. These figures principally include staff costs, accomodation and common service costs, fees and expenses. They exclude expenditure which is repaid by the body; loans to the body and payments to it for services; direct funding as shown in the previous column; and expenditure on associated policy work undertaken by the department which does not depend upon the existence of that body.
- (c) Supported by staff from within the sponsoring department. Representatives of workers and employers are nominated by their respective unions.
- (d) Expenditure forms part of the total MAFF expenditure.
- (e) Forecast expenditure for the year ending 30 June.
- (f) Expenditure is for the period 1996 – 97 since the HDC financial year runs from 1 October to 30 September.
- (g) Only 234 staff are employed directly. The rest are seconded from the Biotechnology and Biological Sciences Research Council (349 staff) and MAFF (77 staff).
- (h) Data relates to 1996 – 97.
- (i) Includes £12.3m income commissioned on a customer/supplier basis.
- (j) RFDCs are statutory executive committees of the Environmental Agency (EA) which meets their administrative costs. They are supported by EA staff. The EA are accountable for expenditure.
- (k) Total includes a percentage of costs which are subsequently recouped from Industry. Costs are for MAFF and the Health and Safety Executive and include staff costs incurred by the Advisory Committees supporting panels.
- (l) £0.006m of this expenditure is borne on the Department of Health's vote.
- (m) Excludes costs incurred by Department of Agriculture for Northern Ireland and the Welsh Office Agriculture Department.
- (n) The Consultative Panel on Badgers and Bovine Tuberculosis was disbanded on 17 August 1998..
- (o) Jointly funded by the Ministry of Agriculture, Fisheries and Food and the Department of Health.
- (p) One tribunal covers UK but there are separate chairpersons depending upon whether it meets in England and Wales, Scotland or Northern Ireland. The Tribunal has not been convened since 1984.

annex 15: Independent Advisory Committees on food matters

This annex gives details of the main advisory committees on food matters. Their work is relevant in particular to programmes PH:010, PH:030, PH:040, PH:050, PH:060 and PH:080. Consumer members or representatives of the public interest are being added to advisory committees where not already present.

SPONGIFORM ENCEPHALOPATHY ADVISORY COMMITTEE (SEAC)

1. This committee of expert scientists advises Government on matters relating to spongiform encephalopathies, and in particular, Creutzfeldt Jakob disease (CJD), bovine spongiform encephalopathy (BSE), and transmissible spongiform encephalopathies in sheep. The secretariat is supplied jointly by DH and MAFF and includes representation of the Joint Food Safety and Standards Group. SEAC published its first annual report, on the year 1 April 1997 to 31 March 1998, in December 1998.

VETERINARY PRODUCTS COMMITTEE (VPC)

2. The VPC was established in 1970 under Section 4 of the Medicines Act 1968. It provides advice to the Agriculture and Health Ministers, who jointly form the Licensing Authority, on the safety, quality and efficacy, in relation to veterinary use, of any substance or article (other than instruments, apparatus or appliances) to which any provisions of the Medicines Act applies. It also promotes the collection of information relating to suspected adverse reactions in both animals and humans to veterinary medicinal products. A report of the committee's work is published annually in the Medicines Act 1968 Advisory Bodies Annual Reports. In addition after each meeting of the committee a summary of its proceedings are issued in a News Release. The VPC has its own e-mail address c.vp@maff.gov.uk and copies of its News Releases are published on the VMD's Website <http://www.open.gov.uk/vmd/vmdhome.htm>. The secretariat to the committee is located at the Veterinary Medicines Directorate, Woodham Lane, New Haw, Addlestone, Surrey KT 15 3LS. Tel: 01932-336911 Fax: 01932-336618.

ADVISORY COMMITTEE ON PESTICIDES (ACP)

3. The ACP is a statutory expert committee advising Ministers in five Departments on any matters relating to the control of pests, and in particular, the regulation of pesticides. Two lay representatives were appointed for the first time in 1998. The committee's main role is to recommend whether pesticides can be allowed for use and if so under what conditions. An annual report summarising its work is published as are its

annex 15: Independent Advisory Committees on food matters

evaluations of particular pesticide chemicals. Evaluation documents concerning applications for new active substances or reviews of active substances are available as priced publications from the ACP secretariat at the Pesticides Safety Directorate.

ADVISORY COMMITTEE ON THE MICROBIOLOGICAL SAFETY OF FOOD (ACMSF)

4. This committee, which is supported jointly by MAFF and DH, has the general remit of advising Ministers on the microbiological safety of food and on the Government's microbiological food surveillance programme. It has a broad membership covering microbiology, the medical and veterinary professions, the food industry, food science, consumer affairs, and public and environmental health. The ACMSF published a major report on foodborne viral infections in 1998 and is expected to publish another, on microbial antibiotic resistance, in 1999.

ADVISORY COMMITTEE ON NOVEL FOODS AND PROCESSES (ACNFP)

5. The ACNFP, which is supported jointly by MAFF and DH, scrutinises applications for the clearance of novel products and processes which companies may wish to market within the EU and advises Ministers on any food safety issues which may arise. The committee is made up mainly of scientists, but includes two lay members with consumer and ethical backgrounds. It has recently been assessing about 12 applications per year, but the number is likely to increase significantly over the next few years. The committee set up a sub-group to advise on possible procedures for the long term monitoring of GM foods and held two open meetings to discuss ways that this might be done. A report of the committee's work is published each year.

COMMITTEE ON MEDICAL ASPECTS OF FOOD AND NUTRITION POLICY (COMA)

6. This is a DH committee which advises Government through the Chief Medical Officer on nutritional aspects of health in relation to policy. It has a broad membership, principally medical and scientific, but with consumer, industry and other interests represented. Recent work includes reviews of nutritional aspects of cancer and of bone health. Its role in relation to the Food Standards Agency is currently under review.

annex 15: Independent Advisory Committees on food matters

COMMITTEES ON TOXICITY/MUTAGENICITY/CARCINOGENICITY OF CHEMICALS IN FOOD, CONSUMER PRODUCTS AND THE ENVIRONMENT (COT/COM/COC)

7. These DH committees assess and advise Government through the Chief Medical Officer on the toxic risks to man of substances in food, consumer products and the environment. They also advise on important general principles or new scientific discoveries in connection with toxic risks and make recommendations for toxicity testing. Members are appointed as independent scientific and medical experts on the basis of their special skills and knowledge including lay members to represent public interest. The COT works closely with other committees, especially the Food Advisory Committee and the Advisory Committee on Novel Foods and Processes. A joint COT/COC/COM report is published every year. Further information including committee reports and statements are available on their web sites; <http://www.doh.gov.uk/cot.htm>
<http://www.doh.gov.uk/com.htm>
<http://www.doh.gov.uk/coc.htm>

CONSUMER PANEL (CP)

8. The Consumer Panel consists of 10 ordinary consumers mostly nominated by, but independent of, the main consumer organisations, who advise the Minister of State for Food Safety on food issues of concern to consumers, the transparency of food policies and comment on advice and information for the public. Meetings are also attended by the consumer representatives of the main food-related advisory committees. All agendas, papers and minutes are publicly available as is the Panel's annual report and which contains information on members declared interests.

FOOD ADVISORY COMMITTEE (FAC)

9. This broadly based committee, supported jointly by DH and MAFF, and with members from academic, industry, enforcement and consumer backgrounds, advises Ministers on the chemical safety of food (especially food additives and contaminants), food composition, labelling and general questions relating to food safety. It also oversees MAFF's food chemical surveillance programme. In 1998 it advised on such issues as the role of the advisory committee in the handling of food safety issues, peanut allergy and the labelling of foods coloured by substances added to animal feed as well as commenting on the results of a number of food surveys. In October, the FAC held its first open conference which discussed "Food Controls – Past, Present and Future". The FAC now releases the minutes of its meetings and

annex 15: Independent Advisory Committees on food matters

meeting papers as well as publishing a quarterly newsletter entitled “Food for Thought”. FAC news releases, and further information about FAC publications are available via MAFF’s website. A report of the committee’s work is published each year.

annex 16: appointments made in calendar year 1998

COMMITTEE OR AUTHORITY	APPOINTMENT PERIOD		REMUNERATION
	From	Until	
Advisory Committee on Novel Foods and Processes			
Members			
Dr Philip John Dale	1/4/98	31/3/01	£131 per mtg
Dr Michael J Gasson	1/4/98	31/3/01	£131 per mtg
Dr Michael Jonathan Reiss	1/4/98	31/3/01	£131 per mtg
Mrs Elizabeth Jane Russell	1/4/98	31/3/98	£131 per mtg
Professor Thomas Andrew Bruce Sanders	1/4/98	31/3/01	£131 per mtg
Professor Herbert Sewell	1/4/98	31/3/01	£131 per mtg
Dr Norman Alan Simmons	1/4/98	31/3/01	£131 per mtg
Dr Katherine Margaret Venables	1/4/98	31/3/01	£131 per mtg
Advisory Committee on Pesticides			
Member			
Dr Andree Denise Carter	1/1/98	31/12/00	£136 per mtg
Dr Alexander Thompson Proudfoot	1/1/98	31/12/00	£136 per mtg
Farm Animal Welfare Council			
Chairman			
Professor Sir Colin Spedding CBE	1/1/98	31/12/98	£172 per mtg
Members			
Mrs Rosemary Berry	1/1/98	31/12/00	£109 per mtg
Mr Glenn Berry	1/1/98	31/12/00	£109 per mtg
Dr Peter Roderick English	1/1/98	31/12/00	£109 per mtg
Ms Vicki Hird	1/1/98	31/12/00	£109 per mtg
Mr Anthony Robin Lucas	1/1/98	31/12/00	£109 per mtg
Mr Richard Maunder	1/1/98	31/12/00	£109 per mtg
Mr Paul Staines MBE	1/1/98	31/12/98	£109 per mtg
Mrs Josephine Margaret Turnbull	1/1/98	31/12/00	£109 per mtg
Mr Mike Vaughan	1/1/98	31/12/00	£109 per mtg
Food Advisory Committee			
Members			
Dr Christopher Llewelyn	1/11/98	31/10/01	£138 per mtg
Dr Charles McDonald	1/11/98	31/10/01	£138 per mtg
Professor H Frank Woods	1/4/98	31/3/01	£138 per mtg
Hill Farming Advisory Committee for England, Wales and N Ireland			
Deputy			
Mr John Vaughan	15/2/98	14/2/01	-
Members			
Mr Edmund S Bailey	15/2/98	14/2/01	-
Mr Richard Betton	15/2/98	14/2/01	-

annex 16: appointments made in calendar year 1998

COMMITTEE OR AUTHORITY	APPOINTMENT PERIOD		REMUNERATION
	From	Until	
Mr Richard Betton	15/2/98	14/2/01	
Mr William John Cockbain	15/2/98	14/2/01	
Mr Philip Henry Cornelius	15/2/98	14/2/01	-
Mrs Esther Baddeley Cummins	15/2/98	14/2/01	-
Mrs Joyce Gilman	15/2/98	14/2/01	-
Mrs Elizabeth Ann Hayton	15/2/98	14/2/01	-
Mr Patrick J Kelly	15/2/98	14/2/01	-
Mr Cyril Stobart Lewis	15/2/98	14/2/01	-
Mrs Rosemary Ann Mudge	15/2/98	14/2/01	-
Mr Colin Passmore	15/2/98	14/2/01	-
Mr David Pearson	15/2/98	14/2/01	-
Mr T D Prince	15/2/98	14/2/01	-
Mr Hugh Robert Thomas	15/2/98	14/2/01	-
Spongiform Encephalopathy Advisory Committee			
Chairman			
Professor Sir John Ridley Pattison	1/1/98	31/12/00	£148 per day
Deputy			
Dr Robert George Will			
Members			
Professor Adriano Aguzzi	1/2/98	31/1/01	£155 per mtg
Professor Roy Anderson FRS	1/1/98	31/12/00	£155 per mtg
Mr Christopher Bostock	1/2/98	31/1/01	£155 per mtg
Professor Fred Brown	1/1/98	31/12/98	£155 per mtg
Professor Anne Ferguson	1/2/98	31/1/01	£155 per mtg
Dr Peter N Goodfellow FRS	1/2/98	31/1/01	£155 per mtg
Professor William D Hueston	1/1/98	31/12/99	£155 per mtg
Professor Harriet Kimbell MBE	1/2/98	31/1/01	£155 per mtg
Dr Richard Henry Kimberlin OBE	1/1/98	31/12/98	£155 per mtg
Mr David Barton Pepper	1/1/98	31/12/98	£155 per mtg
Dr William Albert Watson CB	1/1/98	31/12/98	£155 per mtg

annex 16: appointments made in calendar year 1998

COMMITTEE OR AUTHORITY	APPOINTMENT PERIOD		REMUNERATION
	From	Until	
Sugar Beet Research and Education Committee			
Members			
Mr Melvyn Frank Askew	1/7/98	30/6/01	£155 per mtg
Mr Christopher Robert Arthur Carter	1/7/98	30/6/01	£155 per mtg
Professor John H R Hoyles	1/7/98	30/6/01	£155 per mtg
Veterinary Products Committee			
Members			
Professor Anthony Dayan	1/5/98	31/12/01	£165 per day
Dr Rosalind Margaret Gaskell	1/5/98	31/12/01	£165 per day
Mrs S Janet Graham	1/5/98	31/12/01	£165 per day
Professor J Harrington CBE	1/5/98	31/12/01	£165 per day
Dr Michael H Jepson	1/5/98	31/12/01	£165 per day
Dr Karl A Linklater	1/5/98	31/12/01	£165 per day
Dr W McCaughey	1/5/98	31/12/01	£165 per day
Professor Quentin McKellar	1/5/98	31/12/01	£165 per day
Dr Andrea Mary Nolan	1/5/98	31/12/01	£165 per day
Dr Mark Pattison	1/5/98	31/12/01	£109 per mtg
Ms Susan Pauline Payne	1/5/98	31/12/01	£165 per day
Dr Christopher J Powell	1/5/98	31/12/01	£165 per day
Professor Howard Norman Ernest Stevens	1/5/98	31/12/01	£165 per day
Mr Richard Arthur Wickham	1/5/98	31/12/01	£165 per day
Agricultural Wages Committees			
(North Yorkshire)			
Member			
Mr Kenneth Graham	1/1/98	31/12/99	£68 per day
(Cornwall and Isles of Scilly and Devon)			
Member			
Mr J C Hogan	11/9/98		£69 per day
Mr Ian Hughes Colin Powell	1/1/98	31/12/99	£68 per day
Mr L Waters	11/9/98		£68 per day
(Cumbria)			
Chairman			
Mr Sidney David Hill	1/1/98	31/12/99	£86 per day
(Lancs, Gtr Manchester and Merseyside)			
Chairman			
Mr Kenneth Ashton	1/1/98	31/12/99	£86 per day

annex 16: appointments made in calendar year 1998

COMMITTEE OR AUTHORITY	APPOINTMENT PERIOD		REMUNERATION
	From	Until	
(Suffolk and Norfolk)			
Member			
Mr Barry Capon	1/1/98	31/12/99	£68 per day
(Humberside)			
Member			
Mr David Anthony Howard	1/1/98	31/12/00	£68 per day
Apple and Pear Research Council			
Members			
Mr Ian Newton	26/9/98	10/12/01	£50 per day
Mrs Rebecca Upson	11/12/98	10/12/01	£50 per day
Food From Britain			
Member			
Miss Christine Anne Gray	1/6/98	31/5/01	£1,804 pa
Professor Susan A Shaw	23/9/98	22/9/01	£1,804 pa
Home Grown Cereals Authority			
Chairman			
Mr Antony George Pike	3/6/98	2/6/01	£21,324pa
Deputy			
Dr Caroline Lesley Vaughan	3/6/98	2/6/01	£6,830 pa
Members			
Mr Christopher Thomas Barnes	3/6/98	2/6/01	£3,671pa
Mr Noel Frederick Bartram	3/6/98	2/6/01	£3,671 pa
Mr Philip Walter Chamberlain	3/6/98	2/6/01	£3,671pa
Mr Jonathan Cowens	3/6/98	2/6/01	£3,671 pa
Mr Charles Oswald Fillingham	3/6/98	2/6/00	£3,671 pa
Mr Julian Edward Gibbons	3/6/98	2/6/01	£3,671pa
Mr John William David Gilliland	3/6/98	2/6/01	£3,671 pa
Mr Michael William Gutsell	3/6/98	2/6/01	£3,671 pa
Mr Patrick Albert Lake	3/6/98	2/6/01	£3,671 pa
Mr William Pringle Niven	3/6/98	2/6/01	£3,671 pa
Mr Meurig David Raymond	3/6/98	2/6/01	£3,671pa
Mr Glen Sanderson	3/6/98	2/6/01	£3,671 pa
Mrs Marie Skinner	3/6/98	2/6/01	£3,671 pa
Mr Peter Stewart	3/6/98	2/6/01	£3,671 pa

annex 16: appointments made in calendar year 1998

COMMITTEE OR AUTHORITY	APPOINTMENT PERIOD		REMUNERATION
	From	Until	
Horticulture Research International			
Chairman			
Mr Peter Siddall	1/2/98	31/1/01	£24,051 pa
Meat and Livestock Commission			
Chairman			
Mrs Elizabeth Hodder	1/4/98	30/9/98	£14,977 pa
Professor Richard Moody	1/10/98	30/9/01	£14,977 pa
Deputy			
Mr Michel Norman Buswell	1/1/98	30/9/98	£12,411 pa
Members			
Mr John Baker	1/10/98	30/9/01	£7,364 pa
Miss Bridget Bloom OBE	1/4/98	30/9/98	£7,364 pa
Ms Helen Browning	1/10/98	30/9/98	£7,364 pa
Mr John Bundy	1/10/98	30/9/01	£7,364 pa
Mr Richard Campbell	1/10/98	30/9/01	£7,364 pa
Mr Ralph Green	1/10/98	30/9/01	£7,364 pa
Ms Diane McCrea	1/10/98	30/9/01	£7,364 pa
Mr John Rees Roberts	1/10/98	30/9/01	£7,364 pa
Mr John Alexander Ross	1/10/98	30/9/01	£7,364 pa
Mr Richard Francis Sadler	1/10/98	30/9/01	£7,364 pa
Mr John Taylor	1/10/98	30/9/01	£7,364 pa
Mr John Stephen Whitehead	1/10/98	30/9/01	£7,364 pa
Mr Ferguson Wilson	1/4/98	30/9/98	£7,364 pa
Mr John Gordon Wilyman	1/4/98	30/9/98	£7,364 pa
Milk Development Council			
Chairman			
Mr Brian David Peacock	7/2/98	7/2/01	£48,650 pa
Member			
Mr Alexander Orr Brown	7/2/98	6/2/01	£100 per day
Dr Richard Malcolm Crabtree	7/2/98	6/2/01	£100 per day
Mrs Philippa Lucy Foster Back	7/2/98	6/2/01	£100 per day
Mr Christopher John French	7/2/98	6/2/01	£100 per day
Mr Reginald David Hall	7/2/98	6/2/01	£100 per day
Mr Richard Thurstan Holland	7/2/98	6/2/01	£100 per day

annex 16: appointments made in calendar year 1998

COMMITTEE OR AUTHORITY	APPOINTMENT PERIOD		REMUNERATION
	From	Until	
	Anglia		
Mr William Haydn Jones	7/2/98	6/2/01	£100 per day
Mr David Michael Lattimore	7/2/98	6/2/01	£100 per day
Mr David Stark	7/2/98	6/2/01	£100 per day
Mrs Irene Unsworth	7/2/98	6/2/01	£100 per day
Regional Flood Defence Committees			
(Severn – Trent)			
Member			
Mr Chris B Stansfield	27/2/98	30/6/00	-
(Thames)			
Member			
Mrs Wendy Jane Norman	27/2/98	30/6/01	-
(Anglia)			
Member			
Ms Cecilia Jane Lloyd	20/3/98	30/6/00	-
Royal Botanic Gardens, Kew			
Trustees			
Sir Jeffery Haverstock Bowman (Queen's trustee)	17/11/98	16/11/03	
Mr Iain Oag	17/11/98	16/11/01	
Mrs Rosalyn Franklyn	1/11/98	31/10/98	
Mr Richard Lapthorne CBE	1/11/98	31/10/02	
Mr Spencer de Grey CBE	1/11/98	31/10/02	
Professor Hugh Dickinson	1/11/98	31/10/01	
Miss Anna Ford	1/11/98	31/10/02	
Covent Garden Market Authority			
Chairman			
Mr Leif Mills CBE	1/4/98	31/3/01	£37,815 pa
Members			
Mrs Patricia Challens	27/7/98	26/7/01	£7,365 pa
Mr Balram Gidoomal CBE	21/9/98	20/9/01	£7,365 pa
Mr Leif Mills CBE	9/3/98	31/3/98	£7,365 pa
Mrs Carole Julia Nicholson	21/9/98	20/9/01	£7,365 pa
Mr Gulam Kaderbhoy Noon MBE	1/9/98	31/8/01	£7,365 pa
Mr David Williams	16/3/98	15/3/01	£7,365 pa

Details of remuneration, and of any other payments made, are published in "Public Bodies 1998."

All payments marked (per day) or (per meeting) are paid for actual full days worked or committee meetings.

Entries marked "-" receive expenses or loss of earnings only.

Regional Flood Defence Committees are statutory executive committees of the Environment Agency (EA) which meets their administrative costs. They are supported by EA staff. The EA is accountable for expenditure.

annex 17: MAFF sponsored public bodies. Appointments due for review in 1999

Date of expiry	Body	Numbers
January 1999	Committee of Investigation for GB	7
February	Consumer Panel	3
	Regional Flood Defence Committee (Thames)	1
	Wine Standards Board of the Vintners' Company	4
April 1999	Sea Fish Industry Authority	1
	Meat Hygiene Appeals Tribunal	4
<u>June 1999</u>	Horticulture Research International	2
	Home Grown Cereals Authority	5
	Consumer's Committee for Great Britain	7
	Agricultural Wages Board	3
	Agricultural Wages Committees	2
July 1999	Meat Hygiene Appeals Tribunal	11
September 1999	Sea Fish Industry Authority	11
	Food From Britain Council	1
October 1999	Royal Botanic Gardens, Kew	2
	Food Advisory Committee	1
	UKROFS	6
December 1999	Advisory Committee on Pesticides	11
	Spongiform Encephalopathy Advisory Committee	1
	Agricultural Wages Committees	4
	Farm Animal Welfare Council	8

annex 18: indicators of MAFF's administrative efficiency

EN:010 – Environmentally Sensitive Areas

Staff time spent per ESA scheme application in 1997-98, when application processing included additional essential tasks compared to previous years, was 6.49 days.

EN:020 – Countryside Stewardship (Policy)

MAFF aims to pay all Habitat Scheme claims by 30 April (if they are received by 1 April) or within a month of receipt if they are received after 1 April. In 1998 97% of claims were paid within these deadlines.

EN:040 – Farm Woodlands (Policy)

Under its “Commitment to Service”, MAFF has undertaken normally to process all FWPS applications within one month of receipt, and to pay all claims received by 1 August in the latter half of October. In 1998, 87% of applications were approved and 96% of claims were paid within the Citizens Charter deadline.

EN:080 – Countryside Management

99.3% of licence applications were determined within the Ministry's Commitment to Service target of 30 working days.

EN:110 – Land Use and Tenure

The percentage of planning applications referred to MAFF that received a full response within local planning authorities' deadlines was 98% in 1997-98.

TM:020 – Arable Crops (Policy)

Administration costs as a proportion of Arable Area Payments

Year	1996-97	1997-98	1998-99
Administration	0.8%	0.8%	0.7%

Increased administrative efficiency is always a goal, but no target has been given as the level of payments varies greatly from one year to the next distorting this indicator.

In the 1997 Scheme year, payments by value were made as follows (against the target in each case of 96.15%):

Main payments	99.12%
Advance oilseeds payment	99.18%
Final oilseed payment	98.53%
Non-food set-aside	99.39%

annex 18: indicators of MAFF's administrative efficiency

Although the ad hoc disallowance procedure has not been finalised in respect of the 1997 Scheme year, disallowance is expected to be within the target of 0.4% of Scheme expenditure.

TM:040 – Alcohol and Alcoholic Drinks

In 1998 the percentage of Export Certificates issued within the deadline was 100%. The percentage of enquiries to the Wine Standards Board from traders answered within the deadline was 100%.

TM:120 – Food Industry and Competitiveness

The administration cost (including specialist technical advice) as a percentage of grant expenditure was 6.8p per £1 of grant awarded under the Marketing Development Scheme and 3.1p per £1 awarded under the Processing and Marketing Grant.

TM:140 – Plant Varieties and Seeds

MAFF has set a target of a zero or less than zero percentage change in the average cost, excluding inflation (All items excluding Housing), of:

- a) seed certification, per lot,
- b) obtaining and retaining plant variety protection for a period of 5 years,
- c) adding and maintaining a variety on the National List for a period of 5 years.

In 1998-99, the average cost, excluding inflation, per seed lot (a) increased by 1.2%. The cost of b) increased by 3.1% and c) increased by 1.7%.

FS:030 – Fishery Management and Enforcement

The number of sightings by aerial Surveillance was 9.44 per hour.

The number of boardings as part of surface surveillance was 1.69 per patrol day.

On land, the number of logbook returns and landing declarations processed per Inspectorate member was 1189 (latest available information)⁹¹.

annex 18: indicators of MAFF's administrative efficiency

DO:010 – Audit

Performance is measured:

- a) quantitatively: this includes meeting a target time of 6 weeks for the issue of reports (7 weeks in 1998/99), the achievement of the audit plan (85% in 1998/99) and the percentage of recommendations accepted (target 75%, 94% achieved in 1998/99), and
- b) qualitatively: where management satisfaction questionnaires are sent to all auditees, in 1998/99 a rating of 76% was achieved against a 60% target. In addition the unit takes part in an interdepartmental quality review project and is a member of a benchmarking group.

DO:030 – Legal Services

Performance Indicators for Legal Services			
	1996-97	1997-98	Estimated Outturn 1998-99
Number of Bills	1	3	2
% deadlines met	N/A	N/A	N/A
Number of SI's	183	180	190
% deadlines met	90	90	N/A

DO:040 – Economics and Statistics

The following performance indicators address the objective of minimising the cost to the Ministry and industry of maintaining and improving MAFF's statistical database.

annex 18: indicators of MAFF's administrative efficiency

Performance indices in real terms 1995-1996 = 100

	1996-97	1997-98	1998-99	Target 1999-00
Cost to MAFF				
– NFS	100	96(a)	99 (b)	102
– FBS (c)	95	86	80	79
Cost to farmers of regular statistical surveys	87	83	73	70

- (a) Fall due to sample size.
(b) Increase due to extension of contract to include all data validation.
(c) Includes Special Studies.

DO:050 – Information Technology Services

OPIs for 1998/99 are:

- a) percentage of IS/IT projects/enhancements completed to time and budget 81.4% (target 96.2%);
- b) percentage of central computer availability within the banded hours 99.9% (target 98%);
- c) total value of all in-year benefits delivered by IT systems £70.3 million (target £71.3 million).

DO:060 – Financial Planning and Monitoring

MAFF's annual expenditure on goods, services, utilities and works totalled just over £280 million in the calendar year 1997. Of this total, £145 million was on services, £108 million on supplies and utilities and £27 million on works. Savings for financial year 1996/97 totalled £11 million against a target of £8 million. The savings target for 1997/98 was set at over £9 million and initial findings were that this target was met subject to audit and review which has not yet been carried out due to other urgent priorities. No specific savings target has been set for the financial year 1998/99.

annex 18: indicators of MAFF's administrative efficiency

DO:070 Internal Consultancy

Performance is measured:-

- a) quantitatively: this includes the percentage of reports issued to clients within the timescale agreed with clients (100% in 1998/99) and the amount of "direct" time devoted to assignment work (65% in 1998/99 covering all staff overheads); and
- b) qualitatively: where Customer Satisfaction Questionnaires are sent to all clients asking for comments on a range of attributes including delivery and quality of advice. In 1998/99 a rating of 85% was achieved against a target of 70%.

Performance data for the Regional Service Centres is contained in Table 8.3 at the end of Chapter 8. Performance data for programme CP:060, CAP Schemes Management, is contained in paragraphs 8.4, 8.6 and 8.8 in Chapter 8.

annex 19: regulatory activity-illustration of compliance with Better Regulation Task Force principles of good enforcement

Non-regulatory solutions: A non-regulatory approach was taken to deal with a wide range of issues. These included issuing Guidelines for the Management of Fishing Effort in the Pelagic and Beam Trawl Segments of the UK Fleet, which provide for the management of fishing effort by the industry rather than centrally by Departments; giving clear and targeted practical advice following high levels of radioactivity in feral pigeons; as an interim measure, advising consumers to limit their intake of vitamin B6 from supplements; voluntary codes of practice are being promoted for the disposal of plastic on farms, help given over the drafting of UKASTA's Feed Assurance Scheme, and a code of practice on plant health aspects of waste disposal which replaced legislation. EU Directives are implemented administratively where this is possible, as was the case for Council Directive 98/45 amending the fish health regime.

Guidance Issued: Given the unavoidable complexity of some regulations, the detailed nature of others and the fact that a sector may be affected by a range of legislation, MAFF produced many guidance notes etc. to help industry, workers or the consumer. These included guidance notes on information to be required to be given under QUID legislation on food labels to ensure that consumers are properly informed; the booklet "Success With A Small Business", which provides practical guidance on the everyday but vital aspects of producing and selling food; comprehensive guidance on the new plant breeders rights legislation, including a comprehensive "Guide to the Plant Varieties Act 1997"; guidance on clean livestock for beef cattle and sheep producers; a revised guide to Food and Environment Protection Act licensing arrangements; detailed guidance to businesses, including farms on how to apply for approval of animal feed establishments; three sets of guidance to local authorities on implementation of the bone-in-beef controls; a Q&A brief on new legislation to control the manufacture, distribution and use of animal feedingstuffs containing zootechnical feed additives or veterinary medicinal products; and a leaflet setting out for the first time all employment law relevant to the rights and obligations of seasonal and casual workers and their employers in agriculture.

Quality and consistency: clear objectives and criteria for evaluating the success of the regulation are set. These include fishery quota management rules which are reviewed annually and changed if necessary to improve implementation, and for food labelling regular meetings are held to review issues raised by legislation. Targets are also set for various inspectorates to measure success in fulfilling tasks. The BSE Regulatory Forum continued to meet, bringing together local authority and other enforcement agencies with

annex 19: regulatory activity-illustration of compliance with Better Regulation Task Force principles of good enforcement

those responsible for policy, to exchange information and ensure a co-ordinated and consistent approach to BSE enforcement matters.

Consultation: Over 100 formal consultations took place in relation to the full range of MAFF's responsibilities and included joint consultations with Department of Health and DETR. In many cases papers were sent to over 100 people and organisations. Results were used in negotiations in Brussels and as a result in over a quarter of cases, changes were made or they facilitated changes being made in EU regulations e.g. the much improved new directive on ornamental plants, penalties for non-compliance with refunds and eligibility for a supplement on durum wheat in the cereal sector and a change in a rate of fee collection for medicines. Changes were also made to proposals for domestic legislation as a result of views expressed during consultation e.g. where the imposition of restrictions on vitamin B6 food supplements was deferred, pending the outcome of a wider review; for a possible early retirement scheme for beef farmers and some changes to the suckler cow and sheep quotas arrangements, which were not proceeded with. In many cases those consulted were positive about the original proposals as was the case for a resumption of the traditional trade in unsplit carcasses of ewes to France, and the Plastic Materials and Articles in Contact with Food Regulations 1998.

Openness and accountability: most consultation took place via letter with accompanying papers setting out proposals. In addition in some cases meetings or seminars were held e.g. for proposals on managing fishing effort, fees and financing for Food and Environment Protection Act licence holders, the future of the market in fisheries products, special measures for hops, aflatoxins in food, and various food labelling and standards proposals. The White Paper on the proposals for a Food Standards Agency was made widely available on the Internet and published by The Stationery Office, and a short explanatory leaflet giving a brief summary and contacts for more general information was distributed via the BRC and major retailers to the general public. In addition, some consultations were announced by other means including MAFF News Releases for vitamin B6, fishing quotas etc., certificates of competence for users of pesticides, the MAFF website on the Internet for fishing quotas etc., controls on fish landings and Food Safety Directorate issues, the Food Safety Information Bulletin contains a regular section listing all the Food Safety Directorate consultations including for example those on vitamin B6, various food labelling and standards proposals, together with the Meat Hygiene Enforcement Report for proposals on meat hygiene and inspection charges, and the BSE Enforcement Bulletin

annex 19: regulatory activity-illustration of compliance with Better Regulation Task Force principles of good enforcement

for various animal disease control proposals. The latter two also publish details of enforcement activity both by central and local government. Results of consultations are kept in the MAFF library for anyone to see if they wish. The MAFF website also contains a wide range of announcements, consultations, guidance, forms and some background briefs.

Partnership and co-operation: 12 of MAFF's Agencies or Inspectorates have adopted or plan to adopt and implement the central and local government Enforcement Concordat to underline our commitment to consistent and good enforcement practice.

Monitoring and evaluating: MAFF's programme of economic policy evaluations included two studies on Environmentally Sensitive Areas. Both found that the schemes had been largely successful in achieving their objectives, and that most farmers were well disposed to the scheme so that few would leave if renewal of their agreement was offered on current terms. Another evaluation showed that the policy of allowing milk quotas to be tradeable had helped to mitigate the inherent economic inefficiency of quotas and found that the quota trading system itself had generally operated efficiently.

annex 20: MAFF's new programme structure

1999 REPORT		1998 REPORT	
CODE	TITLE	CODE	TITLE
Public Health (PH). To protect public health in relation to food and to animal diseases transmissible to humans.			
PH:010	BOVINE SPONGIFORM ENCEPHALOPATHY (BSE) & SCRAPIE	PP1:04	No change
PH:020	ZOONOSSES	PP2:01	No change
PH:030	VETERINARY MEDICINES	PP1:05	No change
PH:040	PESTICIDES SAFETY	PP1:06	No change
PH:050	FOOD SAFETY	PP1:01	No change
PH:060	FOOD HYGIENE	PP1:02	No change
PH:070	RADIOLOGICAL PROTECTION AND FOOD CONTAMINATION INCIDENTS	PP1:07	No change
PH:080	FOOD QUALITY AND NUTRITION	PP1:08	No change
PH:090	FEEDINGSTUFFS & FERTILISER STANDARDS	PP1:09	No change
Environment (EN). To sustain and enhance the rural and marine environments and public enjoyment of the amenities they provide and to promote forestry.			
EN:010	ENVIRONMENTALLY SENSITIVE AREAS (Policy)	RE3:01	No change to main title (HQ policy part only)
EN:020	COUNTRYSIDE STEWARDSHIP (Policy)	RE3:07	COUNTRYSIDE STEWARDSHIP SCHEME (HQ policy part only)
		RE3:05	COUNTRYSIDE ACCESS SCHEME (HQ policy part only)
		RE3:06	MOORLAND SCHEME (HQ policy part only)
		RE3:02	CONSERVATION, HABITAT SCHEME AND ACCESS (HQ policy part of habitat and access only)
EN:030	CONSERVATION	RE3:02	CONSERVATION, HABITAT SCHEME AND ACCESS (HQ policy part of conservation only)
EN:040	FARM WOODLANDS (Policy)	RE3:03	No change to main title (HQ policy part only)
EN:050	ENVIRONMENTAL PROTECTION	RE2:01	ENVIRONMENTAL PROTECTION (NUTRIENTS)
		RE2:02	ENVIRONMENTAL PROTECTION (GENERAL)
EN:060	AQUATIC ENVIRONMENT	RE2:04	No change
EN:070	ORGANIC FARMING (Policy)	CE2:22	No change to main title (HQ policy part only)
EN:080	COUNTRYSIDE MANAGEMENT	RE3:04	No change
EN:090	SALMON, WHALING & INLAND FISHERIES	RE2:03	No change
EN:100	FARM GRANTS	RE2:05	No change
EN:110	LAND USE AND TENURE	CE2:41	No change
EN:120	ROYAL BOTANIC GARDENS, KEW	CE2:42	No change
EN:130	"ALTERNATIVE" CROPS	CE2:03	No change to title.
		CE1:11	OILSEEDS AND OTHER ARABLE CROPS (flax, hemp and cotton only)
Rational CAP (RC). To secure a more economically rational CAP which gives a better deal to consumers and taxpayers and pays due regard to the needs of the environment.			
RC:010	CENTRAL PLANNING ON THE CAP	CE1:01	No change to title
		IR2:06	DEVOLUTION ISSUES

annex 20: MAFF's new programme structure

1999 REPORT		1998 REPORT	
CODE	TITLE	CODE	TITLE
Thriving Markets (TM). To assist the development of efficient markets in which internationally competitive food, fish and agricultural industries can thrive.			
TM:020	ARABLE CROPS (Policy)	CE1:03	ARABLE AREA PAYMENTS (HQ policy part only)
		CE1:10	CEREALS (HQ policy part only)
		CE1:11	OILSEEDS AND OTHER ARABLE CROPS (HQ policy part of oilseeds, linseeds and protein crops only)
TM:030	SUGAR	CE1:12	SUGAR AND TOBACCO (sugar part only)
TM:040	ALCOHOL AND ALCOHOLIC DRINKS	CE1:13	No change
TM:050	BEEF (Policy)	CE1:20	No change to main title (HQ policy part only)
TM:060	SHEEP (Policy)	CE1:21	No change to main title (HQ policy part only)
TM:070	PIGMEAT	CE1:22	No change
TM:080	EGGS AND POULTRY	CE1:23	No change
TM:090	MILK AND MILK PRODUCTS (Policy)	CE1:24	No change to main title (HQ policy part only)
TM:100	HORTICULTURE, POTATOES & MEDITERRANEAN CROPS	CE2:02	HORTICULTURE
		CE2:01	POTATOES
		CE1:11	OILSEEDS AND OTHER ARABLE CROPS (fodder crops and olive oil only)
		CE1:12	SUGAR AND TOBACCO (tobacco only)
TM:110	TRADE POLICY AND TROPICAL FOODS	CE2:10	No change
TM:120	FOOD INDUSTRY & COMPETITIVENESS	CE2:11	IMPROVED MARKETING (title change only)
TM:130	INTERNATIONAL RELATIONS AND EXPORT PROMOTION	CE2:12	No change
TM:140	PLANT VARIETIES AND SEEDS	CE2:20	No change
TM:150	BETTER REGULATION	CE2:23	AGRICULTURAL RESOURCES AND BETTER REGULATION (Better Regulation only)
TM:160	FISHING INDUSTRY AND MARKET SUPPORT	CE2:31	FISHERY STRUCTURES AND MARKETS (fishing industry and market support only)
TM:170	FISH FARMING & SHELLFISH PRODUCTION	CE2:32	No change
TM:180	ANIMAL DISEASE CONTROL	CE3:01	No change
TM:190	PLANT HEALTH	CE3:02	No change
Economic/Social (ES). To enhance economic opportunity and social development in rural and coastal communities in a manner consistent with public enjoyment of the amenities which they offer.			
ES:010	RURAL ECONOMY (Policy)	CE2:40	No change to main title (HQ policy part only)
ES:020	HLCA (Policy)	RE1:01	HLCA's (HQ policy part only)
ES:030	AGRICULTURAL RESOURCES	CE2:23	AGRICULTURAL RESOURCES AND BETTER REGULATION (Agricultural Resources only)

annex 20: MAFF's new programme structure

1999 REPORT		1998 REPORT	
CODE	TITLE	CODE	TITLE
CAP Payments (CP). To administer payments under the Common Agricultural Policy fairly and in full accordance with EU requirements.			
CP:010	ENVIRONMENTALLY SENSITIVE AREAS (RSC Admin)	RE3:01	No change to main title (RSC admin. costs only)
CP:020	COUNTRYSIDE STEWARDSHIP (RSC Admin)	RE3:07	COUNTRYSIDE STEWARDSHIP SCHEME (RSC admin. costs only)
		RE3:05	COUNTRYSIDE ACCESS SCHEME (RSC admin. costs only)
		RE3:06	MOORLAND SCHEME (RSC admin. costs only)
		RE3:02	CONSERVATION, HABITAT SCHEME AND ACCESS (RSC admin. costs of habitat and access only)
CP:030	FARM WOODLANDS (RSC Admin)	RE3:03	No change to main title (RSC admin. costs only)
CP:040	ORGANIC FARMING (RSC Admin)	CE2:22	No change to main title (RSC admin. costs only)
CP:050	RURAL ECONOMY (RSC Admin)	CE2:40	No change to main title (RSC admin. costs only)
CP:060	CAP SCHEMES MANAGEMENT	CE1:02	No change
CP:080	ARABLE CROPS (RSC Admin)	CE1:03	ARABLE AREA PAYMENTS (RSC admin. costs only)
		CE1:10	CEREALS (RSC admin. costs only)
		CE1:11	OILSEEDS AND OTHER ARABLE CROPS (RSC admin. costs of oilseeds, linseeds and protein crops only)
CP:090	BEEF (RSC Admin)	CE1:20	No change to main title (RSC admin. costs only)
CP:100	SHEEP (RSC Admin)	CE1:21	No change to main title (RSC admin. costs only)
CP:110	MILK AND MILK PRODUCTS (RSC Admin)	CE1:24	No change to main title (RSC admin. costs only)
CP:120	HLCA (RSC Admin)	RE1:01	HLCA's (RSC admin. costs only)
Fish Stocks (FS). To conserve fish stocks for the future generations and secure a sustainable future for the sea fishing industry.			
FS:010	CONSERVATION OF SEA FISH STOCKS	CE2:30	No change
FS:020	FISHING FLEET STRUCTURE AND EFFORT	CE2:31	FISHERY STRUCTURES AND MARKETS (fishing fleet structure and effort only)
FS:030	FISHERY MANAGEMENT AND ENFORCEMENT	CE2:34	No change
Welfare Standards (WS). To ensure that farmed animals and fish are protected by high welfare standards and do not suffer unnecessary pain or distress.			
WS:010	FARM ANIMAL WELFARE	AW1:01	No change
Flooding/Erosion (FE). To reduce risks to people and the developed and natural environment from flooding and coastal erosion.			
FE:010	FLOOD AND COASTAL DEFENCE	PP4:01	No change
Safeguarding Availability (SA). To safeguard the continuing availability to the consumer of adequate supplies of wholesome, varied and reasonably priced food and drink.			
SA:010	EMERGENCIES	PP3:02	No change
SA:020	PLANT GENETIC RESOURCES	CE2:43	SCIENCE POLICY (plant genetics resources work only)

annex 20: MAFF's new programme structure

1999 REPORT		1998 REPORT	
CODE	TITLE	CODE	TITLE
Departmental Operations (DO). Departmental overheads charged to Objectives.			
DO:010	AUDIT	IR1:01	No change
DO:020	PRESS AND INFORMATION SERVICES	IR1:02	No change
DO:030	LEGAL SERVICES	IR1:03	No change
DO:040	ECONOMICS AND STATISTICS	IR1:04	No change
DO:050	INFORMATION TECHNOLOGY SERVICES	IR1:05	No change
DO:060	FINANCIAL PLANNING AND MONITORING	IR2:01	FINANCIAL PLANNING AND CONTROL (Title change only)
DO:070	INTERNAL CONSULTANCY	IR2:02	STAFF INSPECTION & CONSULTANCY (Title change only)
DO:080	MANAGEMENT OF ACCOMMODATION AND PROPERTY RESOURCES	IR2:03	No change to title
		EA1:07	CSL CO-LOCATION
DO:090	MINISTERS AND TOP MANAGEMENT	IR2:04	No change
DO:100	MANAGEMENT OF HUMAN RESOURCES	IR3:01	No change
DO:110	BSE INQUIRY	PP1:10	No change
Supporting Programmes (SP). Other direct programmes in support of the Ministry Aim for which costs are recovered against relevant Objectives.			
SP:010	SCIENCE POLICY	CE2:43	SCIENCE POLICY (except plant genetics resources work)
Executive Agencies (EA). Net residual costs of agencies recovered against Objectives.			
EA:010	CSL	EA1:02	No change
EA:020	VLA	EA1:03	No change
EA:030	PSD	EA1:04	No change
EA:040	VMD	EA1:05	No change
EA:050	MHS	EA1:06	No change
EA:060	FRCA	EA1:08	No change
EA:070	CEFAS	EA1:09	No change

Note: Programmes that include payments made under CAP have been split into two parts.
The "Policy" part includes the HQ costs of formulating and negotiating the policy, plus the scheme costs.
The "RSC Admin" part covers the administrative cost of making the scheme payments.

annex 21: list of acronyms used in this report

AAPS	Arable Area Payments Scheme
ACMSF	Advisory Committee on the Microbiological Safety of Food
ACNFP	Advisory Committee on Novel Foods and Processes
ACTIN	Alternative Crops Technology Interaction Network
ACP	Advisory Committee on Pesticides
ACP	African, Caribbean and Pacific countries
ADHAC	Agricultural Dwelling House Advisory Committee
ALC	Agricultural Land Classification
ALT	Agricultural Land Tribunals
ADI	Acceptable Daily Intake
AFRC	Agriculture and Food Research Council
AHO	Animal Health Office
AME	Annually Managed Expenditure
APRC	Apple and Pear Research Council
ASC	Agriculture Select Committee
AUK	Agriculture in the United Kingdom (publication)
AWB	Agricultural Wages Board
BBA	German Registration Authority
BCMS	British Cattle Movements Service
BBSRC	Biotechnology and Biological Sciences Research Council
BSE	Bovine Spongiform Encephalopathy
BSPS	Beef Special Premium Scheme
BWMB	British Wool Marketing Board
BMPS	Beef Marketing Payments Scheme
CAC	Codex Alimentarius Commission (FAO/WHO)
CAP	Common Agricultural Policy
CC	Countryside Commission
CEFAS	Centre for Environment, Fisheries and Aquaculture Science
CEH	Centre for Ecology and Hydrology
CFP	Common Fisheries Policy
CGMA	Covent Garden Market Authority
CID	Cattle Identification Documents
CJD	Creutzfeldt-Jakob's Disease
COMA	Committee of Medical Aspects of Food and Nutrition Policy (DH)
COT	Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment (DH)
CPAS	Calf Processing Aid Scheme
CPVO	Community Plant Variety Office
CSL	Central Science Laboratory
CSR	Comprehensive Spending Review
CTS	Cattle Tracing System
CVL	Central Veterinary Laboratory
DANI	Department of Agriculture for Northern Ireland
DEL	Departmental Expenditure Limits
DETR	Department of Environment, Transport and the Regions

annex 21: list of acronyms used in this report

DFR	Directorate of Fisheries Research – now called CEFAS
DBES	Date Based Export Scheme
DECC	Departmental Emergency Control Centre
DH	Department of Health
DIS	Departmental Investment Strategy
EA	Environment Agency
EAGGF	European Agricultural Guidance and Guarantee Fund
ECHS	Export Certified Herds Scheme
ECJ	European Court of Justice
ECN	Environmental Change Network
EHO	Environmental Health Office/r
EN	English Nature
ESA	Environmentally Sensitive Area
EP	European Parliament
EPTC	European Parliament Temporary Committee
EU	European Union
FABBL	Farm Assured British Beef and Lamb
FAC	Food Advisory Committee
FACES	Farm and Countryside Enhancement Scheme
FADN	Farm Accountancy Data Network
FAO	Food and Agriculture Organization [of the United Nations]
FAPAS	Food Analysis Performance Assessment Scheme
F&CGS	Farm and Conservation Grant Scheme
FAWC	Farm Animal Welfare Council
FWAG	Farming and Wildlife Advisory Group
FWPS	Farm Woodlands Premium Scheme
FBS	Farm Business Survey
FBT	Farm Business Tenancies
FEOGA	see EAGGF for English translation
FEPA	Food and Environment Protection Act 1985
FES	Family Expenditure Survey
FFB	Food From Britain
FRCA	Farming and Rural Conservation Agency
FSA	Food Safety Act 1990
FAWC	Farm Animal Welfare Council
FWAG	Farming and Wildlife Advisory Group
FWPS	Farm Woodland Premium Scheme
FWS	Farm Woodland Scheme
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GMO	Genetically Modified Organism
HACCP	Hazard Analysis and Critical Control Point
HDC	Horticulture Development Council
HGCA	Home Grown Cereals Authority
HLCA	Hill Livestock Compensatory Allowances

annex 21: list of acronyms used in this report

HMIP	Her Majestys Inspectorate of Pollution
HRI	Horticulture Research International
IACS	Integrated Administration and Control System
IAH	Institute for Animal Health
IB	Intervention Board
IBEA	Intervention Board Executive Agency
ICES	International Council for the Exploration of the Sea
ICM	Integrated Crop Management
IFR	Institute for Food Research
IGD	Institute of Grocery Distribution
IGER	Institute of Grassland and Environmental Research
IHN	Infectious Haemorrhagic Septicaemia
IPPC	Integrated Pollution Prevention and Control Directive
IT	Information Technology
ITE	Institute of Terrestrial Ecology
ITO	Industry Training Organisation
IWC	International Whaling Commission
JFSSG	Joint Food Safety and Standards Group
LEADER11	Liaisons Entre Actions de Development de L'economie Rurale
LINK	Not an acronym of any kind but has usually been defined in the Research Strategies as "a mechanism to stimulate collaborative research between industry and governments on projects in key areas of science and technology"
LFA	Less Favoured Area
LVI	Local Veterinary Inspector
MAFF	Ministry of Agriculture, Fisheries and Food
MAGP	Multi-Annual Guidance Programme
MBM	Meat and Bone Meal
MDC	Milk Development Council
MDS	Marketing Development Scheme
MHS	Meat Hygiene Service
MLC	Meat and Livestock Commission
MRL	Maximum Residue Level
MRM	Mechanically Recovered Meat
NAO	National Audit Office
NBU	National Bee Unit
NDNS	National Diet and Nutrition Survey
NDPB	Non Departmental Public Body
NIAB	National Institute of Agricultural Botany
NERC	Natural Environment Research Council
NFS	National Food Survey
NFU	National Farmers Union
NNR	National Nature Reserve
NATO	North Atlantic Treaty Organisation
NOTIS	Naturally Occurring Toxicants Information System

annex 21: list of acronyms used in this report

NRPB	National Radiological Protection Board
NSA	Nitrate Sensitive Area
NTF	Nutrition Task Force
NVQ	National Vocational Qualification
NVZ	Nitrate Vulnerable Zone
OAS	Organic Aid Scheme
OCIS	Organic Conversion Information Service
OCT	Overseas Countries and Territories
OECD	Organisation of Economic Co-operation and Development
OGD	Other Government Departments
OIE	Office International des Epizooties
OP	Organophosphorus Pesticide
OPA	Output and Performance Analysis
OSPAR	Oslo & Paris Convention for the Protection of the North East Atlantic
OTMS	Over Thirty Month Scheme
PCA	Parliamentary Commissioner for Administration (Ombudsman)
PCN	Potato Cyst Nematode
PES	Public Expenditure Survey
PFI	Private Finance Initiative
PHSI	Plant Health and Seeds Inspectorate
PMB	Potato Marketing Board
PMS	Potato Marketing Scheme
PSA	Public Service Agreement
PSAS	Private Storage Aid Scheme
PSD	Pesticides Safety Directorate
PVRO	Plant Variety Rights Office
RAB	Resource Accounting and Budgeting
RAIFE	Radioactivity in Food and the Environment
RAMIS	Resource Accounting Management Information System
RBG	Royal Botanical Gardens
RIA	Regulatory Impact Assessment
RNI	Reference Nutrient Intake
RPI	Retail Prices Index
RSC	Regional Service Centre (MAFF)
SAPS	Sheep Annual Premium Scheme
SBM	Specified Bovine Material
SBO	Specified Bovine Offal
SBREC	Sugar Beet Research and Education Committee
SCF	Scientific Committee for Food
SCPS	Suckler Cow Premium Scheme
SCVC	Scientific Veterinary Committee
SEAC	Spongiform Encephalopathy Advisory Committee
SFC	Sea Fisheries Committee
SFI	Sea Fisheries Inspectorate
SFIA	Sea Fish Industry Authority

annex 21: list of acronyms used in this report

SFLGS	Small Firms Loan Guarantee Scheme
SGCAFS	Steering Group on Chemical Aspects of Food Surveillance
SGM	Standard Gross Margin
SME	Small and Medium sized Enterprises
SOAEFD	Scottish Office Agriculture, Environment and Fisheries Department
SMP	Skimmed Milk Powder
SSSI	Site of Special Scientific Interest
SVC	Standing Veterinary Committee
SVS	State Veterinary Service
TB	Tuberculosis
TCI	Temporary Committee of Inquiry
TME	Total Managed Expenditure
TSE	Transmissible Spongiform Encephalopathies
TSO	Trading Standards Office/r
UKROFS	United Kingdom Register of Organic Food Standards
UNECE	UN Economic Commission for Europe
UPOV	International Convention for the Protection of New Varieties of Plants
VHS	Viral Haemorrhagic Septicaemia
VLA	Veterinary Laboratories Agency
VMPS	Veal Marketing Payment Scheme
VMD	Veterinary Medicines Directorate
VPC	Veterinary Products Committee
WGS	Woodland Grant Scheme
WHO	World Health Organization [of the United Nations]
WOAD	Welsh Office Agriculture Department
WPPR	Working Party on Pesticide Residues
WSB	Wine Standards Board
WTO	World Trade Organisation

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bibliography

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bibliography

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bibliography

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bibliography

index

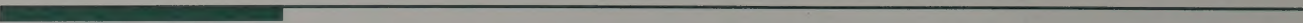
index

Page number references to the main body of text are given below.

Accommodation – 305	Economics & Statistics – DO:040 – 285
Advisory Committee on the Microbiological, Safety of Food – 84, 93	Eggs & Poultry – TM:080 – 181
Agricultural Resources – ES:030 – 229	Electronic Government – 31, 42
Agricultural Wages Board – 229-230	Emergencies – SA:010 – 264-265
Aim and Objectives (MAFF) – 13	Energy Efficiency – 308
Aim (1B) – 354	Enforcement Concordat – 169
Alcohol and Alcoholic Drinks – TM:040 – 166	Environmental Achievements – 113
“Alternative” Crops – EN:130 – 144-146	Environmental Protection – EN:050 – 124
Animal Disease Control – TM:180 – 214	Equal Opportunities – 55, 317-318, 372
Anthrax – 81	ESAs (Policy) – EN:010 – 110
Aquatic Environment – EN:060 – 129	ESAs (RSC Admin) – CP:010 – 235
Arable Crops (Policy) – TM:020 – 158	Exchange of Staff – 315
Arable Crops (RSC Admin) – CP:080 – 235	External Consultants – 299
Asset Disposal – 34, 369	
Audit – DO:010 – 272-273	
	Farming & Rural Conservation Agency (FRCA) – EA:060 – 345
Bananas – 196	Farm Animal Welfare – WS:010 – 27, 250
Beef (Policy) – TM:050 – 170	Farm Grants – EN:100 – 139
Beef (RSC Admin) – CP:090 – 235	Farm Woodlands (Policy) – EN:040 – 121
Beef Assurance Scheme – 70	Farm Woodlands (RSC Admin) – CP:030 – 235
Bees – 190	Farming and Wildlife Advisory Group – 118
Better Quality Services – 31, 41, 300	Feedingstuffs and Fertiliser Standards – PH:090 – 107
Better Regulation – TM:150 – 207-208	Financial Planning and Monitoring – DO:060 – 295
Brand Names – 89	Fish Farming and Shellfish Production – TM:170 – 211
BCMS – 29	Fishery Management and Enforcement – FS:030 – 247
Brucellosis and Tuberculosis (TB) – 75-79, 82	Fishing Fleet Structure and Effort – FS:020 – 245
BSE Chapter 50	Fishing Industry and Market Support – TM:160 – 209
BSE (Bovine Spongiform Encephalopathy) – PH:010 – 61-71	Flood and Coastal Defence – FE:010 – 27, 256-260
BSE, Public Inquiry – DO:110 – 319	Food From Britain – 202
Business Planning and Efficiency – 297	Food Hygiene – PH:060 – 93
	Food Industry and Competitiveness – TM:120 – 197
CAP Schemes Management – CP:060 – 235-237	Food Quality and Nutrition – PH:080 – 103
CAP Fraud – 32, 36, 43, 366	Food Safety – PH:050 88-89
CAP Reform – 26,150	Food Standards Agency – 23-24, 66
Cattle passports – 71	Food and Vegetables – see Horticulture, Potatoes and Mediterranean Crops
Central Planning on CAP – RC:010 – 150	
Central Science Laboratory – EA:010 – 329	Genetically Modified Organisms – 92
Centre for Environment, Fisheries and Aquaculture Science (CEFAS) – EA:070 – 347	Government Direct – 293
CFP (Common Fisheries Policy) – 3, 18	Greening Operations – 307
Changing MAFF – 314	
CJD (Creutzfeld-Jakob Disease) – 50	Helplines – 270, 271
Coffee and Cocoa – 196	HLCA (Policy) – ES:020 HLCA (RSC Admin) – CP:120 – 227
Competing for Quality – 17, 299	Hops – see Horticulture, Potatoes and Mediterranean Crops
Comprehensive Spending Review (CSR) – 10, 20-22	Horticulture, Potatoes and Mediterranean Crops – TM:100 – 187
Conservation – EN:030 – 118	
Conservation of Sea Fish Stocks – FS:010 – 27, 242	ICES (International Council for the Exploration of the Sea) – 242-243
Contingent Liabilities – 300	Information Technology Services – 292
Cost Recovery – 19	Information Technology (IT) Services – DO:050 – 292
Countryside Management – EN:080 – 135	Integrated Administration and Control System (IACS) – 28, 146, 234, 236-237
Countryside Stewardship (Policy) – EN:020 – 114	Internal Consultancy – DO:070 – 303-304
Countryside Stewardship (RSC Admin) – CP:020 – 235	International Relations and Export Promotion – TM:130 – 201
CTS – 71	International Whaling Commission (IWC) – 137-138
Deer – see Pigmeat – TM:070	Investors in People – 20, 38, 313, 373
Departmental Investment Strategy – 6, 356	Invest to Save – 287
Devolution – 155	

index

- Land Use and Tenure – EN:110 – 140
Legal Services – DO:030 – 278
Less Favoured Areas – 10
Long Term Capital Projects – 399
- Maladministration – 301
Management of Accommodation and Property Resources – DO:080 – 305
Management of Human Resources – DO:100 – 311
MHS (Meat Hygiene Service) – EA:050 – 343
Milk and Milk Products (Policy) – TM:090 – 184
Milk and Milk Products (RSC Admin) – CP:110
Millennium Date Change – 34, 199, 293
Ministers and Top Management – DO:090 – 310
Moorland Scheme – 114, 116-117
- National Food Survey – 285, 287
National Agri-Environment Forum – 119-120
Nitrate Vulnerable Zones – 126
- 'Objective 5b' (of the EU Structural Funds) – 225
Offspring Cull – 71
Open Government – 19, 37, 371
Organic Farming (Policy) – EN:070 – 133
Organic Farming (RSC Admin) – CP:040 – 235
Output and Performance Analysis – 45
- PCA (Parliamentary Commissioner for Administration) – 302
Pesticides Safety PH:040 – 86-87
Pesticide Safety Directorate – EA:030 – 336
Pigmeat – TM:070 – 178-180
Plant Genetic Resources – SA:020 – 266
Plant Health – TM:190 – 217-219
Plant Health and Seeds Inspectorate – 219
Plant Varieties and Seeds – TM:140 – 203
Plants and Flowers – see Horticulture, Potatoes and Mediterranean Crops
Potatoes – 190
Poultry – see Eggs and Poultry
Presidency of the EU – 3
Press and Information Services – DO:020 – 274
Procurement – 33, 43, 297
Prompt Payment of Bills – 301
Public Appointments – 373
Public Service Agreement – 12-47
- Rabies – 75, 78-79, 275, 279
R & D (Research and Development) Expenditure – 9, 17, 322
RAB – 37, 41, 45, 296
Radiological Protection and Food Contamination Incidents – PH:070 – 100
Regional Service Centres – 234, 237
Research and Development – see R & D
Rice – 159
Royal Botanic Gardens, Kew – 142-143
Rural Economy (Policy) – ES:010 – 224
Rural Economy (RSC Admin) – CP:050
- Salmonella – 80
Salmon, Whaling and Inland Fisheries – EN:090 – 137
Science Policy – SP:010 – 323
Scrapie – 67
Service First – 270, 370
Sheep (Policy) – TM:060 – 175
Sheep (RSC Admin) – CP:100 – 235
Sickness Absence – 32, 42
Spongiform Encephalopathy Advisory Committee – 51-52, 402, 404, 409, 414, 425
Staff Exchanges – 315
Sugar – TM:030 – 164-165
Sustainable Development – 17-18, 124
- Trade Policy and Tropical Foods – TM:110 – 194
Tobacco – 191
Tuberculosis – 75, 77-78
- UK Presidency of the EU – 3
UKROFS (UK Register of Organic Food Standards) – 134
- Value for Money – 300, 322-323, 332, 350, 354, 399
Venison – see Pigmeat
Veterinary Medicines – PH:030 – 83-85
Veterinary Laboratories Agency – EA:020 – 333
VMD (Veterinary Medicines Directorate) – EA:040 – 339
- Welfare – see Farm Animal Welfare
Welsh Language Act 1993 – 318
Whales – see Salmon, Whaling and Inland Fisheries
Wider Market Activity – 299, 639
Wine Standards Board – 168, 369
- Zoonoses – PH:020 – 75



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